



FINANCIAL
STABILITY



MANUFACTURED
EXCELLENCE



HUMAN
POTENTIAL

Creating Value. Responsibly.



SOCIAL &
RELATIONSHIP BONDS



NATURAL
SUSTAINABILITY

Forward Looking Statements

In this Annual Report, we have disclosed forward looking statements to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written and oral – that we periodically make contain forward looking statements that sets out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

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Consolidated

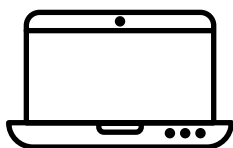
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Turnover

Rs. **61,516** Lacs

EBITDA

Rs. **6,166** Lacs



for more details visit our website
www.tatasponge.com

Profit After Tax

Rs. **5,874** Lacs

Earnings per Share

Rs. **38**

The financial year 2016-17 has been an important year for us. We are pleased to have achieved encouraging results and a significant improvement in efficiencies. We have proven that we are resilient, when operating in a volatile business scenario and demonstrated good progress across all our operations.

During the year, we launched multiple initiatives to enhance capacity and create a leaner, customer focused and a more efficient business. Our ambition is always to be our customers' partner of choice. We achieve this by consistently meeting and exceeding customer expectations and engaging in joint value-creation initiatives to grow their businesses and ours.

Moreover, we continue to invest in reinforcing the capabilities of our teams and collaborate with the community in helping meet their development aspirations.

We believe that fundamental to our comprehensive and responsible value creation is integrated planning and execution of business strategy across all capital sources available to us.

**ACROSS ECONOMIC VOLATILITY,
SOCIETAL TRANSFORMATIONS
AND BUSINESS CYCLES, WE ARE
COMMITTED TO CREATE VALUE
RESPONSIBLY FOR
ALL STAKEHOLDERS.**

A Glimpse of **Tata Sponge**

Tata Sponge Iron Limited (Tata Sponge) has emerged as one of India's largest merchant sponge iron manufacturers. We are engaged in the production of sponge iron by direct reduction method of iron ore and power generation from waste heat.

The Company commenced its journey as IPITATA Sponge Iron Limited in 1982. It was a joint venture between Tata Steel Limited and the Industrial Promotion & Investment Corporation of Orissa Limited (IPICOL) for the production of sponge iron, based on the TISCO Direct Reduction (TDR) technology. Later, in 1991, Tata Steel acquired IPICOL's entire stake and Tata Sponge became an associate company of Tata Steel. We are now a subsidiary of Tata Steel, wherein Tata Steel holds 54.5% shareholding.

We produce and market sponge iron, which is a single end use (steel making) and a single grade product. Moreover, we export our surplus power (by-product) from our two power plants to our parent company.

We also produce power through Waste Heat Recovery Boilers (WHRB) enabling us to help reduce carbon emissions and earn carbon credits. It allows us to participate in the global movement to combat climate change.



Our Vision

Tata Sponge shall endeavour to be a sustainable and learning organisation for setting a benchmark in creating value in the sponge iron business, so as to meet the aspirations of its stakeholders. It shall do so through pursuit of operational excellence and by adopting opportunities of new investments in its value chain.

While doing so, Tata Sponge shall continue to remain a responsible corporate citizen.

Our Mission

Tata Sponge shall always contribute towards progress of the nation through economic value creation.

In doing so, and consistent with the Tata Group's purpose, it will also try to improve the quality of life in its sphere of influence, by contributing to society, from what it earns.

Our Values

- **Pioneering:** We will be bold and agile, courageously taking on challenges, using deep customer insight to develop innovative solutions.
- **Integrity:** We will be fair, honest, transparent and ethical in our conduct; everything we do must stand the test of public scrutiny.
- **Excellence:** We will be passionate about achieving the highest standards of quality, always promoting meritocracy.
- **Unity:** We will invest in our people and partners, enable continuous learning, and build caring and collaborative relationships, based on trust and mutual respect.
- **Responsibility:** We will integrate environmental and social principles in our businesses, ensuring that what comes from the people goes back to the people many times over.

Our culture

- Welfare of employees and the surrounding community
- Honesty in dealings
- Environment-friendly operations
- Adaptability to changing business scenario
- Trust in all our transactions



A Glimpse of **Tata Sponge** (contd.)

Our Manufacturing Bandwidth

Units	Products manufactured	Technology / Process	Annual production (Rated capacity)
Rotary Kiln - I, II & III			3,90,000 MT / annum*
Power Plant - I			7.5 MW
Power Plant - II			18.5 MW



Sponge Iron



Power

TDR Technology
(with Lurgi Modification)Waste Heat
Recovery Boiler

*In May 2017, the Company has received an approval from the Ministry of Environment, Forest and Climate Change, Government of India, for enhancement of DRI production by 35,000 MT (i.e. from 3,90,000 MTPA to 4,25,000 MTPA) in the existing facility located at Bileipada, District Keonjhar, Odisha.

Our Strategic Location

We are located in Bileipada near Joda in the Keonjhar district of Odisha. Our plant is situated near one of India's richest iron ore reserves. Transportation of our raw materials and product dispatch is organised by the roadway and railway networks. We are well connected with cities like Jamshedpur (150 km), Rourkela (150 km), Bhubaneswar (270 km), Kolkata (390 km) and other industrial hubs of eastern India.

Our Capacities

3,90,000
MTPA

Sponge iron

26 MW

Power generation



Our Awards and Accreditations

- Conferred the Productivity Award 2016 for Significant Improved Productivity during the year 2016 by CII (Eastern Region)
- Tata Sponge Power Plant Quality Circle Team, PRATIBHA received the NCQC Excellence Award
- Received the CII Excellence Award on Safety, Health & Environment 2015
- Tata Sponge Power Plant Quality Circle Team, PRATIBHA received the CCQC 2016 Gold Award

Core Strengths of Tata Sponge

<div>1</div> <div>Raw material (Iron Ore) security and its proximity</div>	<div>2</div> <div>Consistent product quality</div>	<div></div>
<div>3</div> <div>Enriched customer relationship management practices</div>	<div>4</div> <div>Reliable manufacturing workflow with online information system and data back-up</div>	
<div>5</div> <div>Infrastructural facilities to support manufacturing and delivery of finished products</div>	<div>6</div> <div>Fair, transparent and ethical business practices</div>	<div>7</div> <div>Efficient environment and waste management systems</div>
<div>8</div> <div>Competent, motivated and engaged workforce, resulting in lower attrition</div>	<div>9</div> <div>Cogeneration of power for own use and sale</div>	<div>10</div> <div>Deep community relationships</div>

Chairman's **Review**



India has already emerged as the world's third largest producer of steel and with the thrust on infrastructural development, the demand for Steel will go up further.

Dear Shareholders,

I am happy to present to you the performance of your Company for the financial year 2016-17.

During the year the Indian economy grew at a respectable rate of 7.1% despite some headwinds faced due to the demonetisation of currency. The various policies announced by the government will strengthen the industrial base of the country. India has already emerged as the world's third largest producer of steel and with the thrust on infrastructural development, the demand for Steel will go up further. This augurs well for the Sponge Iron industry as the spurt in demand of steel will in turn create higher demand for Sponge Iron. Moreover, with the fall in international prices of raw materials - iron ore and coal, the cost of production of Sponge Iron will come down.

Our continuous strive to enhance the value of our product supported by efficient business and operating processes has resulted in higher volume as well as higher operating profit. In FY 2016-17 Tata Sponge produced 3,90,000 MT of Sponge Iron, which was a record, achieving 100% capacity utilisation of the plant. The generation of power was also higher at 185 MKWH in FY 2016-17 (163 MKWH in FY 2015-16). The turnover in FY 2016-17 was Rs. 61,516 lacs, which is lower by 2.82% than the previous year's turnover of Rs. 63,304 lacs. With improved margin, the net profit increased by 84% from Rs. 3,189 lacs in FY 2015-16 to Rs. 5,874 lacs in FY 2016-17. In view of the good performance, the Directors are happy to recommend a Dividend of Rs. 11 per share.

Last year there was a change in the leadership, as Mr. D. P. Deshpande, Managing Director superannuated on October 31, 2016. On behalf of the Board, I would like to put on record our appreciation of Mr. Deshpande's contribution to the Company during his tenure. The Board, subject to the approval of the



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shareholders of the Company, has appointed Mr. Sanjay Kumar Pattnaik, Executive Director as the Managing Director of the Company w.e.f. November 1, 2016.

I strongly believe that the long-term sustainability of the industry is possible only when we behave responsibly towards our Society and the Environment that we live in. I am happy to note that Tata Sponge has done a commendable job in the progress of the community by supporting education and women empowerment as well as focusing on health

and sanitation. It is also very satisfying to add that our plant at Joda is considered as one of the 'greenest' Sponge Iron companies in the country.

The overall improvement has been possible by adopting the Tata Business Excellence Model and implementing best practices in all processes. With the Indian economy showing signs of better days ahead, your Company is well prepared to seize the opportunity and grow.

I would like to thank the members of the Board, the management team, the employees and the Union leaders for their contribution and support.

Yours sincerely,

A. M. Misra
Chairman

Stakeholder Value **Creation Model**

Our business model is at the heart of everything we do. It defines the initiatives we engage in, the relationships we rely on and the outputs and outcomes we aim to achieve. Our objective is to create value for all our stakeholders in the short, medium and long-term.

SHAREHOLDERS

20 Years

Consistent dividend payout track record



We communicate with our shareholders through quarterly disclosures and financial performance briefings.

EMPLOYEES

99.76 %

Employee retention in FY 2016-17



Our employees actively engaged in various skill development programmes and other training activities driving holistic development and employee satisfaction.

CUSTOMERS

85 %

Repeated business in FY 2016-17



Our commitment towards our valued customers is our priority. We interact with customers to understand their requirements and offer the bespoke commitments.

COMMUNITY

Rs. **2.19** Crore

Total amount spent in Corporate Social Responsibility activities during FY 2016-17



Consistent with Tata Group's purpose, we are focused on improving the quality of life of people in and around our area of operations.