

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
TSIL ENERGY LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **TSIL ENERGY LIMITED** (“the Company”), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management’s Responsibility for the Financial Statements**

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over

financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company did not have any pending litigations as on March 31, 2015;

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts required to be transferred to, the Investor Education and Protection Fund by the Company.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Firm's Registration No. 302009E)

**Abhijit Bandyopadhyay**  
Partner  
(Membership No. 054785)

**JAMSHEDPUR, April 20, 2015**

## **ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result clauses (i), (ii), (iv), (v), (vi), (viii), (ix) and (xi) of paragraph 3 of the Order are not applicable to the Company.
- (ii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the Register maintained under section 189 of the Companies Act, 2013.
- (iii) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed dues statutory dues relating to Income Tax, whereas considering the nature of activities of the Company the provisions relating to Provident Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess are not applicable to the Company.
  - (b) There were no undisputed amounts payable in respect of Income tax, whereas the provisions relating to Provident Fund, Employee's State Insurance, Income tax, Sales-tax, Wealth tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess are not applicable to the Company.
  - (c) There are no dues of Income tax which have not been deposited on account of any dispute, whereas the provisions of Sales tax, Wealth Tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess are not applicable to the Company.
  - (d) There were no amounts required to be transferred to investor education an protection fund in accordance with the relevant provisions of the Companies Act 1956 (1 of 1956) and rules made thereunder.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (v) To best of our knowledge an according to the information and explanations given to us, no fraud by the Company and no fraud on the Company was noticed or reported during the year.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Firm Registration No. 302009E)

**Abhijit Bandyopadhyay**  
Partner  
Membership No. 054785

**JAMSHEDPUR, 20 April, 2015**

**TSIL ENERGY LIMITED****BALANCE SHEET**

AS AT MARCH 31, 2015

**In Rupees**

	Notes	As at March 31, 2015	As at March 31, 2014
<b>(I) EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS FUND</b>			
(a) Share capital	03	<b>10,600,600</b>	10,600,600
(b) Reserves and surplus	04	<b>310</b>	(494,507)
		<b>10,600,910</b>	10,106,093
<b>(2) CURRENT LIABILITIES</b>			
(a) Trade payables	05	<b>84,270</b>	84,270
		<b>84,270</b>	84,270
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,685,180</b>	10,190,363
<b>(II) ASSETS</b>			
<b>(1) CURRENT ASSETS</b>			
(a) Current investments	06	<b>10,234,606</b>	9,917,013
(b) Cash and bank balances	07	<b>450,574</b>	273,350
<b>TOTAL ASSETS</b>		<b>10,685,180</b>	10,190,363

The notes referred to above form an integral part of Balance Sheet

In terms of our report attached

For and on behalf of the Board of Directors

**For Deloitte Haskins & Sells**  
Chartered Accountants**A.M.Misra**  
Director**Abhijit Bandyopadhyay**  
Partner**D P Deshpande**  
Director

Jamshedpur, 20 April 2015

Jamshedpur, 20 April 2015

**TSIL ENERGY LIMITED**  
**STATEMENT OF PROFIT AND LOSS**  
FOR THE YEAR ENDED MARCH 31, 2015

**In Rupees**

	Notes	<u>Year Ended March 31, 2015</u>	<u>Year Ended March 31, 2014</u>
<b>I INCOME</b>			
Other Income	08	<u>620,091</u>	<u>317,013</u>
		<u><b>620,091</b></u>	<u><b>317,013</b></u>
<b>II EXPENSES</b>			
Other expenses	09	<u>125,274</u>	<u>97,180</u>
<b>Total Expenses</b>		<u><b>125,274</b></u>	<u><b>97,180</b></u>
<b>III PROFIT BEFORE TAX (I-II)</b>		<u><b>494,817</b></u>	<u><b>219,833</b></u>
<b>IV TAX EXPENSES</b>		<u>-</u>	<u>-</u>
<b>V PROFIT AFTER TAX (II - III)</b>		<u><b>494,817</b></u>	<u><b>219,833</b></u>
<b>VI EARNINGS PER EQUITY SHARE (Rupees)</b>			
Basic and Diluted Earning Per Share [Face value Rs. 10 ea	10	0.47	0.21

The notes referred to above form an integral part of Statement of Profit and Loss

In terms of our report attached

For and on behalf of the Board of Director

**For Deloitte Haskins & Sells**  
Chartered Accountants

**A.M.Misra**  
Director

**Abhijit Bandyopadhyay**  
Partner

**D P Deshpande**  
Director

Jamshedpur, 20 April 2015

Jamshedpur, 20 April 201

**TSIL ENERGY LIMITED****CASH FLOW STATEMENT**

FOR THE YEAR ENDED MARCH 31, 2015

In Rupees

	As at March 31, 2015	As at March 31, 2014
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxes	494,817	219,833
<i>Adjustments for</i>		
Dividend from current investments	(620,091)	(317,013)
<b>Operating loss before working capital changes</b>	<b>(125,274)</b>	<b>(97,180)</b>
<i>Changes in working capital</i>		
<i>Adjustments for increase / (decrease) in operating liabilities</i>		
Trade payables	-	9,270
Other current liabilities	-	(639,340)
<b>Net cash utilised in operating activities</b>	<b>(125,274)</b>	<b>(727,250)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of current investments	(9,800,056)	-
Proceeds from sale of current investments	10,102,554	(9,600,000)
<b>Net cash utilised in operating activities</b>	<b>302,498</b>	<b>(9,600,000)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Equity contribution received	-	10,000,000
<b>Net cash generated from operating activities</b>	<b>-</b>	<b>10,000,000</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>177,224</b>	<b>(327,250)</b>
<b>Cash and cash equivalents as at the beginning <sup>1</sup></b>	<b>273,350</b>	<b>600,600</b>
<b>Cash and cash equivalents as at the end <sup>1</sup></b>	<b>450,574</b>	<b>273,350</b>

Notes:

1. Includes balance in current accounts with banks.
2. Figures in brackets represent outflows.
3. Excludes purchases made out of re-investment of dividends Rs. 620,091/- (March 31, 2014: Rs. 317,013/-).

In terms of our report attached

For and on behalf of the Board of Director

**For Deloitte Haskins & Sells**  
Chartered Accountants

**A.M.Misra**  
Chairman

**Abhijit Bandyopadhyay**  
Partner

**D P Deshpande**  
Director

Jamshedpur, 20 April 2015

Jamshedpur, 20 April 2015

## TSIL ENERGY LIMITED

### NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

#### 01 CORPORATE INFORMATION

TSIL Energy Limited on November 20, 2012, is a wholly owned subsidiary of Tata Sponge Iron Limited. The Company has its registered office located at Bileipada, Joda.

#### 02 SIGNIFICANT ACCOUNTING POLICIES

##### (a) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

##### (a) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

##### (b) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term deposits (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

##### (c) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

##### (d) Other Income

###### Interest Income

Interest income is recognised on a time proportion basis based on the amount outstanding and the rate applicable.

###### Dividend Income

Dividend income is accounted for when the right to receive it is established.

##### (e) Tangible Assets

All tangible assets are valued at cost less depreciation. The cost of an asset includes the purchase cost of materials, including import duties and non refundable taxes, and any directly attributable costs of bringing an asset to the location and condition of its intended use. Interest on borrowings used to finance the construction of qualifying assets are capitalised as part of the cost of the asset until such time that the asset is ready for its intended use.

##### (f) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and non refundable taxes, and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

##### (g) Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

##### (h) Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.



**TSIL ENERGY LIMITED**

**NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS**

**02 SIGNIFICANT ACCOUNTING POLICIES**

**(i) Taxes on Income**

**Current Taxes**

Provision for Current tax is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

**Deferred Taxes**

Deferred tax assets and liabilities are recognised by computing the tax effect on timing differences which arise during the year and reverse in the subsequent periods. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**(i) Provision, Contingent Liabilities and Contingent Assets**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

03 SHARE CAPITAL	In Rupees	
	As at March 31, 2015	As at March 31, 2014
<b>Authorised:</b>		
10,000,000 Equity Shares of Rs. 10 each <i>(As at March 31, 2014: 10,000,000 Equity Shares of Rs. 10 each)</i>	100,000,000	100,000,000
	<b>100,000,000</b>	<b>100,000,000</b>
<b>Issued, Subscribed and Fully Paid up :</b>		
- 1,060,060 Equity Shares of Rs. 10 each <i>(As at March 31, 2014: 1,060,060 Equity Shares of Rs. 10 each)</i>	10,600,600	10,600,600
	<b>10,600,600</b>	<b>10,600,600</b>

**Reconciliation of Number of shares**

	For the Year Ended March 31, 2015		For the Year Ended March 31, 2014	
	No. of equity shares	Amount In Rupees	No. of equity shares	Amount In Rupees
<b>Issued, subscribed and fully paid</b>				
At the beginning of the year	1,060,060	10,600,600	60,060	600,600.00
Issued during the year	-	-	1,000,000	10,000,000
At the end of the year	<b>1,060,060</b>	<b>10,600,600</b>	1,060,060	10,600,600

**Shares held by holding company**

Shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of equity shares	%	No. of equity shares	%
(1) Tata Sponge Iron Limited (Holding Company)	1,060,060	100.00%	1,060,060	1765.00%
	<b>1,060,060</b>	<b>100.00%</b>	1,060,060	1765.00%

**Details of shareholders holding more than 5% of outstanding shares**

Shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of equity shares	%	No. of equity shares	%
(1) Tata sponge Iron Limited	1,060,060	100.00%	1,060,060	100.00%

**Rights, preferences and restrictions attached to shares**

The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**TSIL ENERGY LIMITED****NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS****04 RESERVES AND SURPLUS**

	<b>In Rupees</b>	
	<b>As at</b>	<b>As at</b>
	<b>March 31, 2015</b>	<b>March 31, 2014</b>
<b>Balance in Statement of Profit and loss</b>		
Balance at the beginning of the Year / Period	(494,507)	(714,340.00)
Profit / (Loss) for the Year / Period	494,817	219,833
<b>Balance at the end of the year</b>	<b>310</b>	<b>(494,507)</b>

**05 TRADE PAYABLES**

	<b>In Rupees</b>	
	<b>As at</b>	<b>As at</b>
	<b>March 31, 2015</b>	<b>March 31, 2014</b>
Creditors for supplies and services	<b>84,270</b>	84,270
	<b>84,270</b>	84,270

**TSIL ENERGY LIMITED**
**NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS**

		<b>In Rupees</b>	
		<b>As at</b>	<b>As at</b>
		<b>March 31, 2015</b>	<b>March 31, 2014</b>
<b>06 CURRENT INVESTMENTS</b>			
	(Lower of cost and fair value)		
	<b>Investments in Mutual Funds (Unquoted)</b>		
	Liquid Funds	10,234,606	9,917,013.11
	<b>Total Current Investments</b>	<b>10,234,606</b>	<b>9,917,013</b>
	<b>Additional Details</b>		
	Aggregate value of Unquoted Investments	<b>10,234,606</b>	<b>9,917,013</b>
<b>07 CASH AND BANK BALANCES</b>			
	<b>Balances with banks</b>		
	In current accounts	<b>450,574</b>	273,350
	<b>Total Cash and bank balances</b>	<b>450,574</b>	273,350
<b>08 OTHER INCOME</b>			
	Dividend income from current investments	<b>620,091</b>	<b>317,013</b>
		<b>620,091</b>	317,013
<b>09 OTHER EXPENSES</b>			
	(a) Rates and taxes	-	9,270
	(b) Other expenses		
	(1) Auditors remuneration - for statutory audit <sup>1</sup>	<b>84,270</b>	84,270
	(2) Filing and other fees	<b>6,349</b>	3,500
	(3) Certification charges	<b>34,500</b>	-
	(4) Bank and other charges	<b>155</b>	140
	<b>Total Other expenses</b>	<b>125,274</b>	97,180

1 Auditors remuneration is inclusive of service tax

**TSIL ENERGY LIMITED****NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS****10 EARNINGS PER SHARE**

	<b>Year Ended March 31, 2015</b>	Year Ended March 31, 2014
Profit for the year (Rupees)	494,817	219,833
Weighted average number of equity shares (Nos)	1,060,060	1,060,060
Face value per equity share (Rupees)	10	10
Basic and diluted loss per share (Rupees)	0.47	0.21

**11 RELATED PARTY TRANSACTION****(a) List of Related Parties and relationship**

<b>Name of the Related Party</b>	<b>Relationship</b>
(i) Tata Sponge Iron Limited	Holding Company
(ii) Tata Steel Limited	Ultimate Holding Company

**(b) Related party transactions**

<b>Name of the related party</b>	<b>Nature of transactions</b>	<b>Year Ended March 31, 2015</b>	Year Ended March 31, 2014
		<b>Amount (In Rupees)</b>	Amount (In Rupees)
<b>Tata Sponge Iron Limited</b>	Equity contribution received	-	<b>10,000,000</b>

**12** On the basis of the information and records available with the management, there are no dues payable to the micro and small enterprises, who have registered with the competent authorities.

**13** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.