TSIL/SE/2019-20/06

April 09, 2019

The Secretary, Listing Department
BSE Limited
P. J. Towers
Dalal Street
Mumbai 400 001

Security Code: 513010

The Manager, Listing Department
National Stock Exchange of India Limited
"Exchange Plaza", 5th Floor, Plot No. C/1,
G Block, Bandra-Kurla Complex, Bandra (East),
Mumbai 400 051

Symbol: TATASPONGE

Dear Sir / Madam,

Sub: Tata Sponge Iron Limited ("Company") completes the acquisition of steel business of Usha Martin Limited ("UML")

This has reference to our earlier disclosure dated October 24, 2018 ("a copy of which is enclosed herewith"), with respect to the decision taken by the board of directors of the Company to acquire the steel business undertaking of UML through a slump sale on a going concern basis.

This is to inform you that the Company has completed the acquisition of steel business undertaking including captive power plants, today i.e. on April 09, 2019, pursuant to a cash consideration (after adjustment for negative working capital and debt like items) payable to UML of Rs. 4,094 crore, which is subject to further hold backs of Rs.640 crore, pending transfer of some of the assets including mines and certain land parcels.

This intimation is issued in pursuance of applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including Regulation 30 thereof.

This is for your information and records.

Thanking you,

Yours faithfully,

For **Tata Sponge Iron Limited**

Sanjay Kasture
Chief Risk & Compliance Officer
and Company Secretary

Encl: As above

TATA SPONGE IRON LIMITED
PO Joda Dist Keonjhar Odisha 758 034 India
Tel +91 6767 278178 Fax 278159 Email info@tatasponge.com
CIN No. L27102OR1982PLC001091

Annexure

October 24, 2018

The Secretary, Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001
Scrip Code: 513010

The Manager – Listing Department
National Stock Exchange of India Ltd
"Exchange Plaza", 5th Floor, Plot No. C/1,
G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051
Symbol: TATASPONGE

Dear Madam, Sirs,

Subject: Outcome of the meeting of the Board of Directors (the "Board") of Tata Sponge Iron Limited (the "Company") held today i.e. October 24, 2018

The Board at its meeting held today, i.e. October 24, 2018 reviewed and discussed the opportunities for growth and consequent funding options. Based on the review and discussions, the Board of Directors of the Company considered and approved the following:

1. Tata Steel Limited ("**Tata Steel**") had announced to the stock exchanges by way of disclosure dated September 22, 2018, the signing of definitive agreements for the acquisition of the steel business of Usha Martin Limited ("**UML**") through a Slump Sale on a going concern basis ("**Acquisition**"). The disclosure also mentioned that Tata Steel or any of its subsidiaries or affiliates may carry out the Acquisition.

   The Board of Directors of the Company, a subsidiary of Tata Steel, has approved the Acquisition of the steel business of UML by the Company. Consequently, definitive agreements signed between Tata Steel and UML in relation to the Acquisition shall be adapted accordingly. The closing of the Acquisition would remain subject to execution of definitive agreements with the Company and fulfilment of various conditions under the said agreements including regulatory approvals required for the transfer of the steel business. Relevant disclosures in connection with this proposed Acquisition is enclosed to this letter as **Annexure A**.

2. The Board also reviewed the financial strategy of the Company and approved the following:

a) Issue of equity shares and/or convertible securities (the "**Securities**") by way of a rights issue to the existing shareholders of the Company as on the record date for an amount not exceeding Rs. 1,800 crore in accordance with the applicable Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations and other applicable laws (the "**Rights Issue**"). The Rights Issue will be undertaken for funding the growth plans of the Company, including by way of the proposed acquisition of steel business of UML as indicated above and/or any other purpose as may be determined by the Board/Committee of the Board.

b) Issue of non-convertible redeemable preference shares ("**Issue of NCRPS**") to Tata Steel, on a private placement basis for an amount not exceeding Rs. 1,000 crore in accordance with applicable laws and regulations. The Issue of NCRPS will be undertaken for funding the growth plans of the Company, including by way of the proposed acquisition of steel business of UML as indicated above and/or any other purpose as may be determined by the Board/Committee of the Board.

Further, for the purpose of giving effect to the Rights Issue or the Issue of NCRPS, the Board authorized the Committee of the Board to decide on the terms and conditions of the Rights Issue (including the type of Security, rights entitlement ratio, issue price, record date, timing of the Issue and other related matters) and the terms and conditions of the Issue of NCRPS (including issue price, timing of the Issue of NCRPS and other related matters).

3. Further, for the purpose of giving effect to the above proposals, the Board approved the increase in the authorized equity share capital of the Company from Rs. 25,00,00,000 divided into 2,50,00,000 equity shares of Rs. 10 each to Rs. 75,00,00,000 divided into 7,50,00,000 equity shares of Rs. 10 each and inclusion of non-convertible redeemable preference share capital of Rs. 2000,00,00,000 divided into 20,00,00,000 non-convertible redeemable preference shares of Rs. 100 each ("**NCRPS**") and consequent amendments to the memorandum of association and the articles of association of the Company.

4. Increase in borrowing limits from Rs. 400 crore to Rs. 5,000 crore or the aggregate of the paid-up capital, free reserves and securities premium of the Company, whichever is higher and creation of charges on the movable and immovable properties of the Company in respect of such borrowings.

The Company will be seeking the consent of its shareholders for such modification to the authorized share capital, consequent amendment to the memorandum of association and the articles of association, Issue of NCRPS, increase in borrowing limits and creation of charges, at an extraordinary general meeting to be convened for such purposes.

The meeting of the Board commenced at 2.00 p.m. and completed at 8.50 p.m.

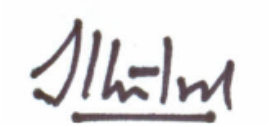
This intimation is issued in terms of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The press release titled “Tata Sponge Iron Limited announces its entry into steel business as part of its long- term plan to create a sustainable future” is enclosed.

We request you to kindly take this on record.

Thanking you,

Yours faithfully,
Tata Sponge Iron Limited



Sanjay Kasture
Chief Risk & Compliance Officer and
Company Secretary

Annexure: A

October 24, 2018

The Secretary, Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001
Scrip Code: 513010

The Manager – Listing Department
National Stock Exchange of India Ltd
"Exchange Plaza", 5th Floor, Plot No. C/1,
G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051
Symbol: TATASPONGE

Dear Sir, Madam,

Sub: Acquisition of steel business of Usha Martin Limited

With reference to the captioned matter, we are providing the below details:

SN	Particulars	Details
1.	Name of the target entity, details in brief such as size, turnover etc.	Usha Martin Limited (**"UML"**) is a special steel and wire rope manufacturer. The amount of gross revenue of the steel business in relation to the company as a whole on a standalone basis for the financial year ended March 31, 2018 was Rs. 3,441 crore. The transaction comprises the proposed acquisition of steel business undertaking of UML through slump sale on a going concern basis; which *inter alia* comprises the specialised 1 mtpa alloy based manufacturing capacity in long products segment based in Jamshedpur, a producing iron-ore mine, a coal mine under development and captive power plants. The transaction will close once various conditions to its closing documented under the Business Transfer Agreement are fulfilled.
2.	Whether the acquisition would fall within related party transaction(s) and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at "arm's length".	No. The acquisition of the steel business of UML by Tata Sponge Iron Limited ("**Tata Sponge**") is not a related party transaction.

3.	Industry to which the entity being acquired belongs	Manufacturing of steel
4.	Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity)	Tata Sponge a 54.5% subsidiary company of Tata Steel Limited ("**Tata Steel**") is engaged in sponge iron business has been evaluating options to value add its product portfolio and enter into steel manufacturing to create a sustainable future. Tata Sponge with a debt free capital structure and free cash reserves of around Rs 670 crore is in the ideal position to diversify beyond sponge iron business and enter into steel with a focus on the attractive speciality long products portfolio. Tata Steel as the promoter shareholder of Tata Sponge has agreed to support Tata Sponge's strategy to enter into steel manufacturing and has identified the Company as the strategic vehicle to undertake the acquisition of the steel business of UML. Considering the strategic alignment of Tata Sponge and Tata Steel to focus on the long products segment and create shareholder value for both companies, Tata Steel intends to support Tata Sponge's future growth to create a globally competitive long products business focused on value added and differentiated products, technology and cost competitiveness.
5.	Brief details of any governmental or regulatory approvals required for the acquisition	Competition Commission of India, approvals from government and regulatory authorities for transfer of immovable property, iron-ore mine and coal mine etc., as applicable.
6.	Indicative time period for completion of the acquisition	6-9 months
7.	Nature of consideration - whether cash consideration or share swap and details of the same	The consideration shall be in the form of cash

8.	Cost of acquisition or the price at which the shares are acquired	It is proposed that the Steel business of UML will be acquired subject to transaction closing, for a cash consideration of between Rs 4,300-4,700 crore (subject to various transaction adjustments).
9.	Percentage of shareholding / control acquired and / or number of shares acquired	Not applicable since the transaction is by way of a slump sale.
10.	Brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief);	UML is engaged in the business of manufacturing special steel in long products segment and wire ropes. The transaction comprises UML selling its Steel business undertaking which *inter alia* comprises a specialised 1 mtpa alloy based manufacturing capacity in long products segment based in Jamshedpur, a producing iron-ore mine, a coal mine under development and captive power plants. UML's amount of gross revenue of steel business in relation to the company as a whole on a standalone basis for the last three financial years are as below: • FY 2017-18: Rs. 3,441 crore • FY 2016-17: Rs. 3,055 crore • FY 2015-16: Rs. 3,103 crore

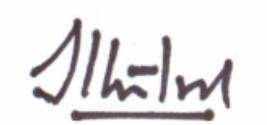
This is for your information and records.

This disclosure is made in compliance with Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you,

Yours faithfully,

For **Tata Sponge Iron Limited**



Sanjay Kasture
Chief Risk & Compliance Officer
and Company Secretary

PRESS RELEASE

October 24, 2018

TATA SPONGE IRON LIMITED ANNOUNCES ITS ENTRY INTO STEEL BUSINESS AS PART OF ITS LONG -TERM PLAN TO CREATE A SUSTAINABLE FUTURE

October 24, 2018: Tata Sponge Iron Limited ("**TSIL**") has been evaluating various strategic options beyond the manufacturing of sponge iron, to enhance its product portfolio and has identified an entry into steel manufacturing in long products as a route to ensure sustainable long-term value creation for all its stakeholders. TSIL has a debt free capital structure and free cash reserves of around Rs 670 crores, providing it with a strong financial position to enter this business. Besides the inherent synergistic and associated nature of the business, steel long products continue to see growing and robust demand in the Indian market with potential for value accretion. As part of the larger Tata Steel group, TSIL believes it would be able to leverage its brand and corporate identity to emerge as a leading player in this business with a premium positioning, leading technology, low cost structure and a presence across value added and differentiated products. Tata Steel as the promoter shareholder of Tata Sponge, has also agreed to support Tata Sponge's growth strategy in building a globally competitive long products business, while identifying it as the appropriate entity to acquire the steel business of Usha Martin Limited (**'UML'**).

On 22nd September, Tata Steel Limited (**'Tata Steel'**) had announced the execution of definitive agreements for acquisition of the steel business of UML by itself or any of its subsidiaries or affiliates. The Board of TSIL evaluated independently the asset perimeter, financial forecasts, synergies, prospects and the risks of the proposed acquisition, found that it was a strategic fit with its long term goals, and has on 24th October resolved, that it will seek to acquire the business through a slump sale process and has accordingly executed a novation agreement with Tata Steel and UML to acquire the steel business of UML. The business being acquired *inter-alia* comprises of a specialised ~1.0 mtpa alloy based manufacturing capacity in long products segment based in Jamshedpur, a producing iron-ore mine, a coal mine under development and captive power plants. UML's steel business has a rich product mix of carbon steel & alloy steel category which caters to automotive customers as well as produces high-end wire rods.

The closing of the acquisition remains subject to fulfilment of various conditions under the agreements. UML and

TSIL shall jointly work towards fulfilment of conditions precedent which are largely regulatory approvals required for the transfer of the business undertaking.
The Board of TSIL has also adopted a financing plan for the acquisition where along with its internal cash and cash equivalent resources it would raise financing by way of a combination or part of the following:

a. Rights issuance of fully paid up ordinary shares of the Company of upto Rs. 1,800 crores.
b. External borrowings in the form of loans, debentures or other instruments of upto Rs. 2,500 crores.
c. Issuance of Non-Convertible Redeemable Preference Shares of upto Rs. 1,000 crores

TSIL will separately approach its shareholders for requisite approvals in relation to the acquisition transaction and related funding plan detailed above.
Tata Steel as the promoter shareholder of Tata Sponge, has confirmed its in-principle support to facilitate the above financing plan, subject to the approval of its Board.

About Tata Sponge

Tata Sponge Iron Limited is one of India's largest merchant sponge iron manufacturers. The company is 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. Tata Sponge is now a subsidiary of Tata Steel, wherein Tata Steel holds 54.50% shareholding.
Company produces and markets sponge iron, across India and in neighboring countries. Moreover, the Company also exports its surplus power from its two power plants to the parent company.