TSIL/SE/2018-2019/17

August 16, 2018

Dy. General Manager
BSE Limited
Corporate Relationship Department
P.J Towers
Dalal Street
Mumbai – 400001

The Manager
Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza (5th Floor)
C/1, Block G
Bandra-Kurla Complex
Bandra (E)
Mumbai- 400051

Dear Sir/Madam,

Sub: Postal Ballot Notice - Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

A copy of the Postal Ballot Notice dated 7th August, 2018 along with Explanatory Statement and Postal Ballot Form, seeking approval of the Members for entering into Material Related Party Transaction(s), is enclosed herewith.

The voting through Postal Ballot and e-voting will commence on Friday, 17th August, 2018 at 9:00 a.m.(IST) and will end on Saturday, 15th September, 2018 at 5.00 p.m. (IST).

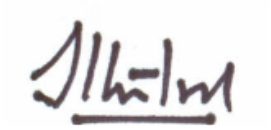
The said Notice of Postal Ballot is also available on the website of the Company i.e. www.tatasponge.com.

This is to further inform that results of the Postal Ballot will be announced on Monday, 17th September, 2018.

This is for kind information and record.

Thanking you,

Yours faithfully,
For **Tata Sponge Iron Limited**



Sanjay Kasture
Chief Risk and Compliance Officer
and Company Secretary

Encl: as above

TATA SPONGE IRON LIMITED
Corporate Identification Number : L27102OR1982PLC001091
Registered Office : Post - Joda, Dist - Keonjhar, Odisha 758 034
Tel No : (06767) 284236, Fax No : (06767) 278159
E-mail : investorcell@tatasponge.com, Website : www.tatasponge.com

NOTICE OF POSTAL BALLOT

Dear Members,

NOTICE is hereby given pursuant to Section 110 of the Companies Act, 2013 ("Act") and other applicable provisions, if any, of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014 ("Rules"), as amended from time to time, that the Resolutions appended below for approval of material related party transactions are proposed to be passed as Ordinary Resolutions by the Members of Tata Sponge Iron Limited (the "Company") by way of Postal Ballot including voting by electronic means ("e-voting"). An Explanatory Statement pursuant to Section 102 and other applicable provisions, if any, of the Act, pertaining to the resolutions setting out the material facts and the reasons thereof, is appended along with the postal ballot form ("Postal Ballot Form"). Pursuant to Rule 22(5) of the Rules, the Board of Directors of your Company, at its meeting held on August 07, 2018, has appointed Mr. B. Narasimhan, (Membership No. FCS 1303, COP 10440), of M/s. BN & Associates, Mumbai, Practicing Company Secretary, as the Scrutinizer to conduct the Postal Ballot and e-voting process in a fair and transparent manner.

The Members are requested to carefully read the instructions indicated in the Notice and printed overleaf of the Postal Ballot Form and record their assent (for) or dissent (against) in the Postal Ballot Form and return the same, in original duly completed and signed, in the enclosed postage prepaid self-addressed business reply envelope, so as to reach the Scrutinizer, on or before 5.00 p.m. (IST) on Saturday, September 15, 2018. Postal Ballot Forms received after that date will be treated as if a reply from such Member has not been received and will be considered invalid.

In compliance with the provision of Sections 108 and 110 of the Act, read with Rules 20 and 22 of the Rules and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer the facility of e-voting to all its Members to enable them to cast their votes electronically. Members are requested to follow the procedure as stated in the Notes and printed overleaf of the Postal Ballot Form for casting of votes by e-voting. Upon completion of the scrutiny of the Postal Ballot Forms and votes cast through e-voting in a fair and transparent manner, the Scrutinizer will submit his report to the Chairman or any person authorized by him. The results of the Postal Ballot and of the E-voting process will be announced not later than 48 hours of conclusion of the voting through Postal Ballot. The said results would be displayed at the Registered Office of the Company, intimated to the National Stock Exchange of India Limited and BSE Limited where the shares of the Company are listed. Additionally, the results will also be uploaded on the Company's website https://www.tatasponge.com and on the website of National Securities Depository Limited (NSDL) www.evoting.nsdl.com.

By Order of the Board of Directors

Sd/-
Sanjay Kasture
Chief Risk & Compliance Officer and
Company Secretary
(ACS: 24429)

Mumbai, August 07, 2018

Registered Office:

Post - Joda
Dist. - Keonjhar
Odisha – 758 034
Tel: 06767 278122 Fax: 06767 278159
CIN - L27102OR1982PLC001091
Website: www.tatasponge.com
Email: investorcell@tatasponge.com

RESOLUTIONS PROPOSED TO BE PASSED BY POSTAL BALLOT OR E-VOTING PROCESS:

Resolution No. 1

Approval of Material Related Party Transactions with Tata Steel Limited

To consider and, if thought fit, to pass, with or without modifications the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 188 of the Companies Act, 2013 ("Act") and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Company's policy on Related Party transaction(s), approval of Shareholders be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/ transaction(s) for the financial year 2018-19 and financial year 2019-20, with Tata Steel Limited, a related party within the meaning of Section 2(76) of the Act and Regulation 2(1) (zb) of the Listing Regulations, for purchase of iron ore and sale of power, on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of Rs. 420 crore per annum, out of which Rs. 120 crore is incremental to the transactions of Rs. 300 crore already approved by the shareholders in the 34th Annual General Meeting held during the financial year 2017-18, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm's length basis and in the ordinary course of business of the Company.

RESOLVED FURTHER THAT the Board of Directors ("Board") be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be necessary and to delegate all or any of the powers herein conferred, to any Director(s) or Chief Financial Officer or Company Secretary or any other officer of the Company to give effect to the aforesaid resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respect."

Resolution No. 2

Approval of Material Related Party Transactions with Tata International Singapore PTE Ltd.

To consider and, if thought fit, to pass, with or without modifications the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 ("Act") and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Company's policy on related party transaction(s), approval of shareholders be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/ transaction(s) with Tata International Singapore PTE Ltd., a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for purchase of coal, on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of Rs. 450 crore each for the financial year 2018-19 and financial year 2019-20, out of which Rs. 150 crore is incremental to the transactions of Rs. 300 crore already approved by the shareholders in the 34th Annual General Meeting held during the financial year 2017-18, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm's length basis and in the ordinary course of business of the Company.

RESOLVED FURTHER THAT the Board of Directors ("Board") be and is hereby authorized to do and perform all such acts, deeds, matters and things as may be necessary and to delegate all or any of the powers herein conferred, to any Director(s) or Chief Financial Officer, or Company Secretary or any other officer of the Company to give effect to the aforesaid resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respect."

Resolution No. 3.

Approval of Material Related Party Transactions with Tata International Limited

To consider and, if thought fit, to pass, with or without modifications the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 ("Act") and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Company's policy on related party transaction(s), approval of shareholders be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/ transaction(s) with Tata International Limited, a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for sale of sponge iron, on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of Rs. 300 crore per annum for the financial year 2018-19 and financial year 2019-20, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm's length basis and in the ordinary course of business of the Company.

RESOLVED FURTHER THAT the Board of Directors ("Board") be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be necessary and to delegate all or any of the powers herein conferred, to any Director(s) or Chief Financial Officer or Company Secretary or any other officer of the Company to give effect to the aforesaid resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respect."

NOTES:

1. An Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013 ("Act") setting out material facts relating to the proposed resolution is annexed hereto.

2. This Notice along with the Postal Ballot Form is being sent by electronic mode to those Members, whose e-mail addresses are registered with the Company/ Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent to them by the permitted mode. Members may note that this Notice will be available on the Company's website, https://www.tatasponge.com and on the website of National Securities Depository Limited (NSDL) www.evoting.nsdl.com.

3. Voting rights will be reckoned on the paid-up value of shares registered in the name of the Members on Wednesday, August, 08, 2018 (cut-off date). Only those Members whose names are recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the two Depositories as on the cut-off date will be entitled to cast their votes by Postal Ballot or e-voting.

4. In compliance with the provisions of Sections 108 and 110 of the Act and Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 ("Rules"), Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is pleased to provide voting by electronic means ("e-voting") facility to the Members, to enable them to cast their votes electronically. The Company has engaged the services of NSDL to provide e-voting facility to its Members.

5. Members can opt for only one mode of voting i.e. either Postal Ballot Form or e-voting. In case any Member cast his/her votes both by Postal Ballot and e-voting, the votes cast through e-voting shall prevail and the votes cast through Postal Ballot Form shall be considered invalid.

6. The Resolutions, if passed by requisite majority, will be deemed to be passed on the last date specified for receipt of duly completed Postal Ballot Form or e-voting i.e. Saturday, September 15, 2018.

7. Members desiring to exercise their vote by physical Postal Ballot are requested to carefully read the instructions printed overleaf on the Postal Ballot Form and return the said Form duly completed and signed, in the enclosed postage prepaid self-addressed business reply envelope (BRE Envelope) to the Scrutinizer, so that it reaches the Scrutinizer not later than by 5.00 p.m. (IST) on Saturday, September 15, 2018. The postage will be borne by the Company for the BRE Envelope. However, envelopes containing Postal Ballot Forms, if sent by courier or registered / speed post or deposited personally at the address given on the self addressed Business Reply Envelope, at the expense of the Members will also be accepted. If any Postal Ballot Form is received after 5.00 p.m. (IST) on Saturday, September 15, 2018, it will be considered that no reply from the Member has been received will be treated as invalid. Additionally, please note that the Postal Ballot Forms shall be considered invalid if (i) it is not possible to determine without any doubt the assent or dissent of the Member, and/ or (ii) a competent authority has given directions in writing to the Company to freeze the voting rights of the Member, and/ or (iii) it is defaced or mutilated in such a way that its identity as a genuine form cannot be established; and/ or (iv) the Member has made any amendment to the resolution set out herein or imposed any condition while exercising his vote and / or if the postal ballot form is not signed or for any justifiable reason as determined by the Scrutinizer.

8. Members who have received the Postal Ballot Notice by e-mail and who wish to vote through Physical Form may download the Postal Ballot Form attached in the e-mail or from the link www.evoting.nsdl.com or from the Company's website https://www.tatasponge.com and send the duly completed and signed Postal Ballot Form to the Scrutinizer so as to reach on or before 5.00 p.m. (IST) on Saturday, September 15, 2018.

9. In case a Member is desirous of obtaining duplicate Postal Ballot Form, the Member may write to the Registrars and Share Transfer Agents, M/s TSR Darashaw Ltd. or to the Company at its registered office or download the Postal Ballot Form from the Company's website, https://tatasponge.com or from the website of NSDL, www.evoting.nsdl.com.

10. The instructions for e-voting are as under:

    The details of the process and manner for remote e-voting are explained herein below:

    Step 1: Log-in to NSDL e-voting system at https://www.evoting.nsdl.com/

    Step 2: Cast your vote electronically on NSDL e-voting system

    Details on Step 1 is mentioned below: How to Log-in to NSDL e-voting website?

    i. Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile phone.

    ii. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

    iii. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your

existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. Cast your vote electronically.

iv. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	**Your User ID is:**
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12********** then your user ID is 12**********
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is : **108919** then user ID is 108919001***

v. Your password details are given below:

a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.

b) If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'

ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

vi. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

vii. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

viii. Now, you will have to click on "Login" button.

ix. After you click on the "Login" button, Home page of e-Voting will open. Details on Step 2 is given below: How to cast your vote electronically on NSDL e-voting system?

a) After successful login at Step 1, you will be able to see the Home page of e-voting. Click on e-voting. Then, click on Active Voting Cycles.

b) After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

c) Select "EVEN" of the Company, which is **108919**

d) Now you are ready for e-voting as the Voting page opens.

e) Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

f) Upon confirmation, the message "Vote cast successfully" will be displayed.

g) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

h) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Members

i. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to bn@bnp-associates.com with a copy marked to evoting@nsdl.co.in.

ii. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

iii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

11. **Other Instructions:**

i. The e-voting period commences from 9.00 a.m. (IST) Friday, August 17, 2018 to 5.00 p.m. (IST) Saturday, September 15, 2018. During this period, Members holding shares either in physical form or in dematerialized form, as on Wednesday, August 08, 2018 i.e. Cut-off date, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he / she shall not be allowed to change it subsequently or cast vote again.

ii. The Scrutinizer shall, immediately after the conclusion of voting through Postal Ballot, count the votes cast, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours of conclusion of voting through Postal Ballot, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or any person authorised by him, who shall countersign the same. The Scrutinizer's decision on the validity of a Postal Ballot Form will be final and binding.

iii. The results declared along with the Scrutinizer's Report shall be displayed at the Registered Office of the Company, placed on the Company's website https://www.tatasponge.com and on the website of NSDL, www.evoting.nsdl.com immediately after the result is declared. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

EXPLANATORY STATEMENT

Pursuant to Section 102 of the Companies Act, 2013 ("Act")

Explanatory Statement for Resolution No.1

Approval of Material Related Party Transactions with Tata Steel Limited ("Tata Steel")

Context:

A resolution for related party transaction for the value of Rs. 300 crore was approved by the shareholders for the financial year 2017-18 and thereafter. A resolution for approval of similar transaction for financial year 2018-19 with enhanced value of Rs. 420 crore was placed for approval of the shareholders at the 35th Annual General Meeting held on 18th July 2018, which has not been approved. The incremental amount is sought in view of planned increased production and volatility in the prices of iron ore during financial year 2018-19 and financial year 2019-20. The transaction is most critical for the operations of Tata Sponge Iron Limited ("Tata Sponge"). Hence, after doing a detailed analysis of the results and the consequences, the Board has decided in its meeting held on 7th August, 2018, to place the resolution again and seek approval of the shareholders. However, it may be noted that since the purchase of iron-ore and sale of power is a continuous operation and if approval is sought for one financial year i.e. only for financial year 2018-19, the approval will expire on 31st March 2019. Hence, for uninterrupted operations of the Company, by effecting purchase of iron-ore and sale of power beyond 1st April 2019 till the date of approval of the Shareholders within financial year 2019-20, the approval is being sought for the financial year 2019-20 as well.

Background and Details of the transaction:

Iron-ore constitutes approx.45% of the total cost of the raw materials of the Company. Consistent, cost effective and assured supply of iron ore of high quality is the most important requirement for continuous operations and higher productivity. The details of the proposed transactions are as follows:

(i) Iron-ore would be purchased from Tata Steel for the value of Rs. 350 crore for each of the financial year 2018-19 and financial year 2019-20. It may be noted that right from the Company's inception around 30 years ago, Tata Sponge has been primarily purchasing iron-ore from Tata Steel.

(ii) Power would be sold to Tata Steel for the value of approx. Rs. 70 crore for each of the financial year 2018-19 and financial year 2019-20. The power is generated out of the waste heat resulting from production of sponge iron. As such Power generation is integrated with production of sponge iron in an environment friendly operation.

Benefits of purchasing Iron-Ore from Tata Steel:

The iron-ore mines of Tata Steel are situated in the States of Odisha and Jharkhand and located approximately within a range of the distance of 15-35 kms from the plant of Tata Sponge. Tata Steel's Iron ore mines are one of the largest iron mines in the State of Odisha. The strategic advantages for the Company by purchasing iron-ore from Tata Steel are:

(i) The consistency in supply of high quality and desired quantity of iron-ore is assured, since the supplier Tata Steel has been supplying to Tata Sponge for the last 30 years.

(ii) The quality of iron ore from Tata Steel mines is reliable and does not require further beneficiation by Tata Sponge before feeding to the plant;

(iii) Tata Steel also gives commercial discount over and above the e-auction price of iron-ore notified by the State Public Sector Company, Orissa Mining Corporation;

(iv) The cost of transportation is minimal. As such, the landed cost of iron-ore at Tata Sponge plant by purchasing from Tata Steel is most advantageous to Tata Sponge.

Benefits of sale of power to Tata Steel:

The surplus power generated is about 19MW, which if sold to Tata Steel would fetch the following benefits to Tata Sponge:

(i) Under the Indian legal framework [Electricity Act, 2003], if the Company sells the power to a third party, it would be required to pay a surcharge to the Power Distribution Company. The company is not required to pay the said surcharge on sale of power to the holding company, Tata Steel.

(ii) Further, the net realization by sale of power to Tata Steel is normally higher than the revenue that the Company would get by trading the surplus power at the power exchange or sale to other consumers since sale of power to Tata Steel is through a long term contract between Tata Sponge & Tata Steel.

(iii) The contractual agreement to sell power to Tata Steel is indexed to the price of power notified by the Odisha Electricity Regulatory Commission (OERC), a quasi-judicial authority for bulk consumers. Hence, this insulates the Company from any price volatility and the same is at arms length as certified by an affiliate of a Global Accounting and Advisory firm,.

Approval being sought for a period of two Financial Years:

Approval is being sought for a period of two financial years because if approval is sought only for financial year 2018-19, it would expire on 31st March 2019. In order to ensure uninterrupted operations of the Company the shareholders' approval is being sought for financial year 2018-19 and financial year 2019-20.

In the aforesaid background, the Company explains below further details:

Section 188 of the Companies Act, 2013 and the applicable Rules framed thereunder provide that any Related Party Transaction will require approval of shareholders through ordinary resolution, if the aggregate value of transaction(s) amounts to 10% or more of the annual turnover of the Company as per the last audited financial statements of the Company.

As per Regulation 23 (4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI Listing Regulations, 2015"] all material related party transactions shall require the approval of shareholders. Further, explanation provided to Regulation 23(1) of SEBI Listing Regulations, 2015 states that a transaction with a related party shall be considered material if the transaction/ transactions to be entered into individually or taken together with previous transactions during the financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. According to this definition the relevant turnover was Rs. 816.65 crore for the financial year 2017-18 and 10% of which is equal to Rs. 81.65 crore. Hence, it is proposed to secure shareholders' approval through postal ballot/ e voting for the following related party contracts/ arrangements to be entered during financial year 2018-19 and financial year 2019-20.

Pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, particulars of the transaction(s) etc. are as follows:

1. **Name of the related party**

   Tata Steel Limited ("Tata Steel")

2. **Name of the director or key managerial person who is related, if any**

   None.

3. **Nature of relationship**

   Tata Steel is a holding Company having 54.50% shares in the paid up capital of the Company.

4. **Nature, material terms, monetary value and particulars of the contract or arrangement.**

   Right from its inception around 30 years ago, the Company has been purchasing iron ore from Tata Steel. As enumerated above the Company gets qualitative and quantitative advantages by usage of iron ore purchased from Tata Steel.

   As mentioned above, in the existing regulatory framework selling Power generated by the Company to the holding Company, Tata Steel is commercially advantageous to the Company than selling Power to the third party / State grid. In addition, selling Power through long term contract reduces the volatility significantly.

   The pricing mechanism for both purchase of iron ore and sale of Power is purely market based. The latest auction price of State Public Sector Company, Orissa Mining Corporation (OMC) will be considered as base/ indicative price for purchase of iron ore. Further Tata Steel also gives commercial discount over and above the e-auction price of iron-ore notified by OMC,

   The pricing mechanism for sale of power is based on the notified price of the Quasi-Judicial Authority i.e. The Orissa Electricity Regulatory Commission for bulk consumers.

   The maximum combined value of such transactions will be capped at Rs. 420 crore each in the financial year 2018-19 and financial year 2019-20, for purchase of Iron Ore and sale of Power.

5. **Rationale behind the resolution** The advantages associated in transacting with Tata Steel for purchase of iron ore and sale of power are given below.

   i) Purchase of iron Ore:

   A. Lower logistics Cost due to close proximity with Tata Steel Mines

   The Company has been purchasing iron ore from the nearby mines of Tata Steel, since inception of Tata Sponge Iron Ltd around 30 years ago. Tata Steel is operating one of the largest iron ore mine in the State of Odisha for several decades. The Tata Steel iron ore mines are situated at a distance of approximately 15-35 Kms from Tata Sponge plant. As such sourcing of iron ore from these nearby mines of Tata Steel is beneficial for the Company as it helps the Company to save on inward logistics costs as compared to purchase from other sources.

B. Quality & Quantity of Iron Ore

The Company has been operating the sponge iron plant at over 100% capacity utilisation, while the overall Industry utilization rate in the Country is about 70%. The key success factor of the Company inter-alia is procurement of right quantity and quality of iron ore which constitutes approx. 45% of the total raw material cost. A consistent supply of high quality of iron ore from Tata Steel, is a huge advantage to the Company. This also helps in controlling the operating parameters in the sponge iron Kilns, which leads to increased campaign life of the Kilns, thereby increasing the productivity and profitability of the Company.

C. Discounted Price

The pricing mechanism of iron ore purchase from Tata Steel is at arm's length basis which is linked to the auction price of the Odisha Mining Corporation, a State Public sector company. Further, the Company gets a commercial discount for bulk purchase of iron ore from Tata Steel.

ii) Sale of power:

The Company generates about 19 mw of surplus power. As mentioned above, in the existing regulatory framework selling Power generated to the holding Company, Tata Steel is commercially advantageous to the Company than selling Power to the third party / State grid. In addition, selling Power through long term contract reduces the volatility significantly.

6. Arm's length pricing vetted by an affiliate of Global Accounting and Advisory Firm

The transactions with Tata Steel for purchase of iron ore and sale of Power, are vetted by an affiliate of a Global Accounting and Advisory firm, for the arm's length pricing. The said transactions have been recommended by the Audit Committee and Board of Directors of the Company for consideration and approval by the shareholders.

These transactions are at arm's length basis and in the ordinary course of business.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives are in anyway, concerned or interested either directly or indirectly in passing of the said Resolution.

The Board recommends the passing of this resolution.

Explanatory Statement for Resolution No. 2

Approval of Material Related Party Transactions with Tata International Singapore PTE Ltd. ("TISPL")

Context:

A resolution for related party transaction for purchase of coal from Tata International Singapore PTE Ltd. ("TISPL") for the value of Rs. 300 crore were approved by the shareholders for the financial year 2017-18 and thereafter. A resolution for approval of similar transaction for financial year 2018-19 with enhanced value of Rs. 450 crore was placed for approval of the shareholders at the 35th Annual General Meeting held on 18th July 2018, which has not been approved. The incremental amount of Rs. 150 crore, is required for purchase of additional quantity of coal in view of planned increased production and volatility in the prices of coal during financial year 2018-19 and financial 2019-20.

The transaction is most critical for the operations of Tata Sponge. Hence, after doing a detailed analysis of the results and the consequences, the Board has decided in its meeting held on 7th August 2018 to place the resolution again and seek approval of the shareholders. However, it may be noted that since the purchase of coal is a continuous operation and if approval is sought for one financial year i.e. only for the financial year 2018-19, the approval will expire on 31st March 2019. Hence, for uninterrupted purchase of coal, approval is sought for the above values for financial year 2018-19 and financial year 2019-20 each.

Background and Details of the transaction:

Coal constitutes approx.55% of the total cost of the raw materials of the Company. Consistent, cost effective and assured supply of coal of desired quality is the most important requirement for continuous plant operations and better productivity. Tata Sponge gets its coal primarily from South Africa which meets the required quality parameters suitable for sponge iron making. High calorific value thermal coal is sufficiently not available in India. The details of the proposed transactions are as follows:

Coal would be purchased from TISPL for the value of Rs. 450 crore for each of the financial years 2018-19 and 2019-20. It may be pertinent to note that Tata Sponge has been purchasing coal through TISPL since last 6 years.

Benefits of purchasing Coal from Tata International Singapore PTE Ltd: ("TISPL")

Tata Sponge has experimented various types of imported high calorific value thermal coal and has identified certain South African grades of coal as the most appropriate for its use considering the technical fit / yield and landed cost economics.

TISPL, being a group company, has significant presence in South Africa and has deep knowledge about trading of coal and access to sourcing channels / miners, expertise in shipping, freight operations and market intelligence.

In the above business backdrop, Tata Sponge derives significant value in leveraging TISPL's expertise in the following ways:

a) **Sourcing Cost** – TISPL by virtue of its size / trading book has a better negotiation position with the miners / suppliers, to secure competitive sourcing rates.

b) **Freight Benefits –** Further as trading company, TISPL is able to plan large vessels size (Panamax) instead of Supramax vessels, such that additional quantity is sold by TISPL to other customers and Tata Sponge benefits from lower freight. This improves the overall landed cost economics for Tata Sponge.

c) **Flexibility –** Under this arrangement, TISPL provides value added services to Tata Sponge, such as change in scheduling/ lay cans, shipment sizes to meet Tata Sponge's dynamic plant inventory situations.

d) **Professional Services –** Being a Tata group Company, TISPL offers professional and transparent business services to secure coal supply. TISPL charges a fixed commission per ton for the services including port documentation, commercial formalities and their cost of fund etc.

Approval being sought for a period of two financial years:

Approval is being sought for a period of two financial years because if approval is sought only for financial year 2018-19, it would expire on 31st March 2019. In order to ensure uninterrupted operations of the Company, the approval is being sought for financial years 2018-19 and 2019-20.

In the aforesaid background the Company explains below the further details:

Section 188 of the Companies Act, 2013 and the applicable Rules framed thereunder provide that any Related Party Transaction will require prior approval of shareholders through ordinary resolution, if the aggregate value of transaction(s) amounts to 10% or more of the annual turnover of the Company as per last audited financial statements of the Company.

As per Regulation 23 (4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI Listing Regulations, 2015"] all material related party transactions shall require the approval of shareholders. Further, explanation provided to Regulation 23(1) of SEBI Listing Regulations, 2015 states that a transaction with a related party shall be considered material if the transaction/ transactions to be entered into individually or taken together with previous transactions during the financial year exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. According to this definition the relevant turnover was approx. Rs. 816.65 crore for the financial year 2017-18 and 10% of which is equal to Rs. 81.65 crore. Hence, it is proposed to secure shareholders' approval through postal ballot / e voting for the following related party contracts/ arrangements entered / to be entered during financial year 2018-19 and financial year 2019-20.

Pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, particulars of the transaction(s) etc. are as follows:

1. **Name of the related party**

   Tata International Singapore PTE Ltd. ("TISPL")

2. **Name of the director or key managerial person who is related, if any**

   None.

3. **Nature of relationship**

   Group Company

4. **Nature, material terms, monetary value and particulars of the contract or arrangement.**

   The Company has been importing non-coking coal through TISPL since last 6 years. API4 index is widely used for determining the coal price in the international market and is the basis for determination of FOB price. Freight & insurance are paid at comparable/actual price. The maximum value of transactions in the financial year 2018-19 & financial year 2019-20 will be capped at Rs. 450 crore per year.

5. **Rationale behind the resolution**

   The rationale behind sourcing imported non-coking coal with higher carbon and low ash through TISPL is given below.

   A. Quality & Quantity of Coal

   The Company is operating at over 100% capacity utilisation, while the Industry average in the country is about 70%. The key success factor of the company inter-alia is procurement of right quantity and quality of key raw materials which includes non-coking coal. Consistent supply of desired quality of non-coking coal from TISPL helps in controlling the operating parameters in the sponge iron Kilns, which leads to increased campaign life of the kilns, thereby increasing the productivity and profitability of the Company.

Usage of such coal increases the production and helps in producing beyond the rated capacity and a major contributing factor for ensuring environmental friendly operations.

B. Assured supply at arm's length pricing:

In the absence of the Company's own overseas sourcing arm, the Company has made arrangement with TISPL, which is a global trading and distribution company with expertise in trading of thermal coal. The pricing mechanism is based on API-4 Index.

C. Arm's Length Pricing Vetted by an Affiliate of a Global Accounting & Advisory Firm

The transaction with TISPL for purchase of coal is vetted by an affiliate of a Global Accounting and Advisory firm, for the arm's length pricing. The said transactions have been recommended by the Audit Committee and Board of Directors of the Company for consideration and approval by the shareholders.

For the financial year 2017-18, the shareholders in the 34th Annual General Meeting held on 4th August, 2017, approved such transactions for an amount of Rs. 300 crore. For the financial year 2018-19 and financial year 2019-20, Shareholders' approval is sought for an amount of Rs. 450 crore, as both the planned production and the expected market price of coal during financial year 2018-19, and financial year 2019-20, is higher than the previous year.

This arrangement is at arm's length basis and in the ordinary course of business.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives are in anyway, concerned or interested either directly or indirectly in passing of the said Resolution.

The Board recommends the passing of this resolution.

Explanatory Statement for Resolution No. 3

Approval of Material Related Party Transactions with Tata International Limited ("Tata International")

Context:

A resolution for related party transaction for the value of Rs. 300 crore was approved by the shareholders for financial year 2017-18 and thereafter. A resolution for approval of similar transaction for financial year 2018-19, with the same value of Rs. 300 crore was placed for approval of the shareholders at the 35th Annual General Meeting held on 18th July, 2018, which has not been approved. After doing a detailed analysis of the results and the consequences, the Board has decided in its meeting held on 7th August, 2018, to place the resolution again and seek approval of the shareholders. However, it may be noted that since the sale of sponge iron is a continuous operation and if approval is sought for one financial year i.e. only for financial year 2018-19, the approval will expire on 31st March 2019. Hence, for uninterrupted sale of sponge iron to the neighboring countries, approval is sought for the above value for financial year 2018-19 and financial year 2019-20 each.

Background and Details of the transaction:

Sponge Iron is the main product of the Company. About 75% of the product is sold to domestic consumers and about 25% is sold to the neighboring countries. The Company is selling sponge iron to neighboring countries through Tata International Limited ("Tata International") for more than 15 years. Selling of sponge iron through Tata International in the neighboring countries helps Tata Sponge in catering to a wider market.

Benefits of selling sponge iron through Tata International Limited ("Tata International"):

The strategic advantages of selling sponge iron through Tata International, are as follows:

(i) Company does not have its own establishment outside India. Since the Company wants to make its presence felt in the neighboring countries by providing good quality sponge iron, it is necessary to export through an agency who has the wide foot print in international market. Tata International is a global trading and distribution company. Tata International with its in-depth market knowledge and wide network of establishments across the globe in respect of various minerals and metals including sponge iron, is one of the leaders in international trading.

(ii) Payments are assured through Tata International.

(iii) Since the Company sells Sponge iron in the B2B segment, it is important to have a portfolio of large customers in domestic and international markets. Tata International with its in-depth expertise in International markets and having worked closely with the Company for the last 15 years is able to fulfill this objective.

(iv) As soon as the product is dispatched from the premises of the plant, the risk of supply of product to the end Customer in international market, gets transferred to Tata International.

Approval being sought for a period of two Financial Years:

Approval is being sought for a period of two financial years because if approval is sought only for financial year 2018-19, it would expire on 31st March, 2019. In order to ensure uninterrupted operations of the Company the approval is being sought for financial year 2018-19 and financial year 2019-20.

In the aforesaid background, the Company explains below the further details:

Section 188 of the Companies Act, 2013 and the applicable Rules framed thereunder provide that any Related Party Transaction will require prior approval of shareholders through ordinary resolution, if the aggregate value of transaction(s) amounts to 10% or more of the annual turnover of the Company as per last audited financial statements of the Company.

As per Regulation 23 (4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI Listing Regulations, 2015"] all material related party transactions shall require the approval of shareholders. Further, explanation provided to Regulation 23(1) of SEBI Listing Regulations, 2015, states that a transaction with a related party shall be considered material if the transaction/ transactions to be entered into individually or taken together with previous transactions during the financial year exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. According to this definition the relevant turnover was Rs. 816.65 crore for the financial year 2017-18 and 10% of which is equal to Rs. 81.65 crore. Hence, it is proposed to secure shareholders' approval through postal ballot/ e voting for the following related party contracts/ arrangements entered / to be entered during financial years i.e. 2018-19 and 2019-20.

Pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, particulars of the transaction(s) etc. are as follows:

1. **Name of the related party**

   Tata International Limited (''Tata International")

2. **Name of the director or key managerial person who is related, if any**

   None.

3. **Nature of relationship**

   Group Company

4. **Nature, material terms, monetary value and particulars of the contract or arrangement.**

   Since the Company sells Sponge iron in the B2B segment, it is important to have a portfolio of large customers in domestic and international markets. Tata International with its in-depth expertise in International markets and having worked closely with the Company for the last 15 years, is able to fulfill this objective.

   Therefore, the Company proposes to sell its Sponge Iron in overseas market through Tata International. The pricing mechanism is purely market based and comparable with prices at which the sponge iron is sold to unrelated parties. As such the transaction with Tata International is at arm's length basis. The maximum value of transactions will be capped at Rs. 300 crore each in financial year 2018-19 and financial year 2019-20.

5. **Rationale behind the resolution**

   Since the Company sells Sponge iron in the B2B segment, it is important to have a portfolio of large customers in domestic and international markets. Tata International with its deep expertise in International markets and having worked closely with the Company for the last 15 years, is able to fulfill this objective.

   As a marketing and risk mitigation strategy the Company has been selling about 75% of its products to the domestic consumers and approximately 25% is exported to the neighbouring countries through Tata International.

   The Company has made arrangements with Tata International, a global trading and distribution company. Tata International with its deep market knowledge and wide network of establishments across the globe in respect of various minerals and metals including sponge iron, is one of the leaders in international trading.

   In order to safeguard the risks relating to bad-debts, the Company instead of selling sponge iron to overseas customers directly, sells to/through Tata International for meeting the customer's requirement in those countries

6. Arm's length pricing vetted by an affiliate of a Global Accounting and Advisory firm

The transaction with Tata International for sale of sponge iron is vetted by an affiliate of a Global Accounting and Advisory firm, for the arm's length pricing. The said transactions have been recommended by the Audit Committee and Board of Directors of the Company for consideration and approval by the shareholders.

This arrangement is at arm's length basis and in the ordinary course of business.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives are in anyway, concerned or interested either directly or indirectly in passing of the said Resolution.

The Board recommends the passing of this resolution.

By Order of the Board of Directors

Sd/-
Sanjay Kasture
Chief Risk & Compliance Officer and
Company Secretary
(ACS: 24429)

Mumbai, August 07, 2018

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CIN - L27102OR1982PLC001091
Website: www.tatasponge.com
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POSTAL BALLOT FORM

Sr. No. :

1. Name and Registered Address of the Sole/First named Member

2. Name(s) of the Joint Holder(s), if any
3. Registered Folio No./ DP ID No. and Client ID No.* (*Applicable to investors holding Shares in dematerialized form)
4. Number of Equity Share(s) held
5. EVEN (E-Voting Event Number)
6. User-ID

7. Password

I/We hereby exercise my/our vote(s) in respect of the following resolutions to be passed through Postal Ballot for the business stated in the Notice dated August 7, 2018 of the Company by sending my/our assent (FOR) or dissent (AGAINST) to the said resolutions by placing the tick (✓) mark in the appropriate box below:

Item No.	Brief Description of Resolution	Type of Resolution	No. of Equity Shares for which votes cast	(FOR)	(AGAINST)
				I/We assent to the Resolution	I/We dissent to the Resolution
1	Approval of Material Related Party Transactions with Tata Steel Limited	Ordinary Resolution			
2	Approval of Material Related Party Transactions with Tata International Singapore PTE Ltd.	Ordinary Resolution			
3	Approval of Material Related Party Transactions with Tata International Limited	Ordinary Resolution			

Place:

Date:

_____
Signature of the Member /
Power of Attorney holder / Authorised Representative

Note: Please read the instructions printed overleaf carefully before exercising your vote.