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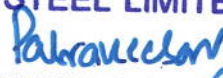
CA VIKRANT JAIN

B.Com, ACA, Registered Valuer
Registration No. IBBI/RV/05/2018/10204

September 22, 2022

Strictly Private & Confidential

To,
Board of Directors,
Tata Steel Limited
Bombay House
24 Homi Mody Street
Fort, Mumbai – 400 001

TRUE COPY
TATA STEEL LIMITED

(PARVATHEESAM KANCHINADHAM)
COMPANY SECRETARY &
CHIEF LEGAL OFFICER (CORPORATE & COMPLIANCE)

Dear Sir / Madam,

Sub: Recommendation of Share Exchange Ratio for the proposed amalgamation of Tata Steel Long Products Limited into Tata Steel Limited

I refer to the engagement letter dt. August 29, 2022 whereby, Tata Steel Limited ("TSL" or "Client"), has engaged me for recommendation of the Share Exchange Ratio for the proposed amalgamation of Tata Steel Long Product Limited ("TSLP") into TSL. TSL and TSLP are together referred to as 'Companies'. Vikrant Jain has been hereafter referred to as 'Registered Valuer' or 'I' or 'me'.

The Share exchange ratio for this report ("Report") refers to number of equity shares of face value of INR 1/- each of TSL which would be issued to the equity shareholders of TSLP in lieu of number of equity shares of INR 10/- each of TSLP held by them, pursuant to the Proposed Amalgamation.

SCOPE AND PURPOSE OF THIS REPORT

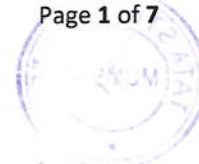
I understand that the management of the Companies ("Management") is contemplating an amalgamation of TSLP into TSL ("Transaction") pursuant to a Scheme of Amalgamation ("Scheme") to be implemented under the provisions of Section 230 to 232 and other applicable provisions of the Companies Act, 2013.

As a consideration for the amalgamation, equity shareholders of TSLP (other than TSL) would be issued equity shares of TSL. Share Exchange Ratio for this Report refers to the number of equity shares of face value of INR 1/- each of TSL, which would be issued to the shareholders of TSLP of face value of INR 10/- each.

For the aforesaid purpose, the Client has engaged the Registered Valuer to submit a report recommending the share Exchange Ratio. The scope of my services is to conduct a fair valuation of the equity shares of the Companies and recommending the Share Exchange Ratio in accordance with internationally accepted valuation standards.

SOURCE OF INFORMATION

My valuation analysis is undertaken on the basis of the following information relating to the business of the Company, furnished to me by the management of the Companies and information available in public domain.



45.10 Cr, consisting of 4,51,00,000 equity shares of face value of INR 10/- each. The Shareholding Pattern is as follows:

Sr. No.	Class of Shareholders	No. of shared held	% of total Shareholding
1	Promoter & Promoter Group	3,37,86,521	74.91%
2	Public	1,13,13,479	25.09%
	TOTAL	4,51,00,000	100.00%

EXCLUSIONS AND LIMITATIONS

My Report is subject to the scope limitations detailed in engagement letter dt. August 29, 2022. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

No investigation of the Companies' claims to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

My work does not constitute certification of the historical financial statements including the working results of the Companies referred to in this Report. Accordingly, I am unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this Report. Valuation analysis and results are specific to the purpose of valuation and the valuation date mentioned in Report as per the agreed terms of engagement. It may not be valid or used for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

A valuation of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particulars. This Report is issued on the understanding that the Client has drawn my attention to all the material information, which it is aware of concerning the financial position of the Company and any other matter, which have an impact on my opinion, on the value of shares of the Companies for the purpose of the proposed amalgamation, including any significant changes that have taken place or are likely to take place in the financial position of the Companies, subsequent to the Report date. I have no responsibility to update this Report for events and circumstances occurring after the date of the Report.

In the course of valuation, I was provided with both written and verbal information. I have evaluated the information provided to me by the Client through broad inquiry, analysis and review but have not carried a due diligence or audit of the information provided for the purpose of this engagement. I assume no responsibility for any errors in the above information furnished by the Client and consequential impact on the present exercise.

My Report is not, nor should it be construed as my opinion or certifying the compliance of the proposed amalgamation with the provisions of any law including companies, taxation and capital market laws or as regards any legal implications or issues arising from such proposed transaction.

This Report is prepared only in connection with the proposed amalgamation exclusively for the use of the Companies and for submission to any regulatory / statutory authority as may be required under the law.



I have relied on the judgement of the Management as regards contingent and other liabilities, and have made appropriate adjustments for the same based on my past experience.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although, different values may exist for different purpose, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. My choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature, regulatory guideline and our reasonable judgement, in an independent and bona fide manner based on my previous experience of assignments.

The Valuation methodologies, as may be applicable which have been used to arrive at the value attributable to the equity shareholders of TSL, are discussed hereunder:

Market Price ("MP") Method:

The market price of an equity share as quoted on a stock Entitlement is normally considered as the value of the equity shares of that company where such quotations are available from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares.

In the present case, equity shares of TSL and TSLP are listed on both BSE and NSE. The share price observed on NSE for an appropriate period prior to the valuation date (upto 12th September 2022) has been considered for determining the value of TSL and TSLP under the market price method as the traded turnover of shares of TSL and TSLP is higher on NSE as compared to the turnover of shares on BSE. The market value of TSL and TSLP is arrived at by considering SEBI formula.

Comparable Companies Market Multiple ("CCM") Method:

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. I have considered this method for valuing both the companies.

Discounted Cash Flow ("DCF") Method:

The discounted cash flow method is a modern valuation method which relates the value of an asset to the present value of the expected future cash flows on those assets. Here the projected cash flow is discounted with the weighted average cost of capital to arrive at the value. I have not considered DCF for the present valuation exercise, as the long term financial projections have not been made available being price sensitivity information.

Book Value / Net Assets Value ("NAV") Method:

In case of Net Assets Method, the value is determined by dividing the net assets of the company by the number of shares. The underlying asset approach represents the value with reference to the historical cost of the assets owned by a Company and attached liabilities as at the valuation date.



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CA VIKRANT JAIN

B.Com, ACA, Registered Valuer
Registration No. IBBI/RV/05/2018/10204

FAIR EXCHANGE RATIO FOR AMALGAMATION OF TSLP into TSL

In the light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove referred to earlier in this Report, in my opinion, a fair ratio of exchange in the event of amalgamation of TSLP into TSL would be:

67 equity shares of TSL of Re 1/- each fully paid up for every 10 equity shares of TSLP of Rs. 10/- each fully paid up.

Report Submitted

Thanking you,
Yours faithfully,

VIKRANT
HEMRAJ
JAIN

Digitally signed
by VIKRANT
HEMRAJ JAIN
Date: 2022.09.22
11:44:05 +05'30'



CA Vikrant Jain
Registered Valuer
IBBI/RV/05/2018/10204



October 10, 2022

The Manager, Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot C/1
G Block, Bandra Kurla Complex, Bandra East
Mumbai – 400 051, India
Scrip Code: TATASTEEL/TATASTLPP*

Dear Sir, Madam,

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed Scheme of Amalgamation of Tata Steel Long Products Limited ('Transferor Company') into and with Tata Steel Limited ('Transferee Company')

In connection with the above application, we hereby confirm that no material event impacting the valuation has occurred during the intervening period of filing the scheme documents with Stock Exchange and period under consideration for valuation.

Thanking you.

Yours faithfully,
Tata Steel Limited


Parvatheesam Kanchinadham
Company Secretary &
Chief Legal Officer (Corporate & Compliance)



**Securities in symbol TATASTLPP stand suspended from trading effective February 17, 2021.*

TATA STEEL LIMITED

Registered Office Bombay House 24 Homi Mody Street Fort Mumbai 400 001 India
Tel 91 22 6665 8282 Fax 91 22 6665 7724 Website www.tatasteel.com
Corporate Identity Number L27100MH1907PLC000260

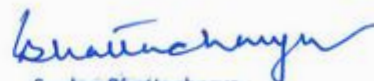
Rashmi Shah FCA
Registered Valuer (Securities or Financial Assets)
IBBI Registration No.: IBBI/RV/06/2018/10240
M: +91 98202 99754 | E: rashmi@rvs-ca.com

Date: 22nd September 2022

To,
The Board of Directors,
Tata Steel Long Products Limited
Joda, Keonjhar, Odisha - 758 034

CERTIFIED TO BE TRUE COPY

TATA Steel Long Products Limited



Sankar Bhattacharya

Company Secretary and Compliance Officer

Dear Sirs,

Sub: Recommendation of Fair Equity Share Exchange Ratio for Proposed Amalgamation of Tata Steel Long Products Limited with Tata Steel Limited

We refer to the engagement letter dated 08th September 2022, whereby the Audit Committee of Tata Steel Long Products Limited (hereinafter referred to as 'TSLPL' or 'the Client') has appointed Rashmi Shah FCA, Registered Valuer (Securities or Financial Assets) with IBBI Registration No. IBBI/RV/06/2018/10240 ('RVS') (hereinafter referred to as 'Valuer' or 'We'), to recommend the fair share exchange ratio of equity shares for the proposed amalgamation of Tata Steel Long Products Limited ('Transferor Company') with Tata Steel Limited ('TSL' or 'Transferee Company').

TSLPL and TSL are hereinafter referred to jointly as 'the Companies'.

This Report is structured under the following broad heads:

- Background
- Scope and Purpose of this Report
- Information Sources
- Valuation Standards followed and Procedure adopted for Valuation
- Scope Limitations and Disclaimers
- Valuation Approaches and Methodologies
- Share Issuance Ratio and Conclusion
- Annexure – Share Exchange Ratio Workings



BACKGROUND

Tata Steel Long Products Limited

- TSLPL (CIN: L27102OR1982PLC001091) is a listed public limited company incorporated on 31st July 1982 and having registered office at Joda, Keonjhar, Odisha - 758 034.
- TSLPL is engaged in the business of production and marketing of sponge iron, which is a single end use (steel making) and a single grade product. It also has one of the largest specialty steel plants in India in the SBQ (special bar quality) segment with an annual capacity of one million tons per annum and the merchant DRI segments with a strong presence in the wire rod market.
- Equity shares of TSLPL are listed on National Stock Exchange of India ("NSE") and Bombay Stock Exchange ("BSE").
- As at 30 June 2022, the paid up equity share capital of TSLPL was ~ INR 451 million consisting of 45,100,000 equity shares of face value of INR 10/- each fully paid up, which we have considered for the purpose of the valuation analysis.

Particulars	No. of Shares	% of Share holding
Promoter & Promoter Group (Tata Steel Limited)	33,786,521	74.91%
Public	11,313,479	25.09%
Total	45,100,000	100.00%
<i>Source: BSE Filing (30th June 2022)</i>		



Tata Steel Limited

- TSL (CIN: L27100MH1907PLC000260) is a listed public limited company incorporated on 26th August 1907 and having registered office at Bombay House, 24-Homi Mody Street, Fort, Mumbai, Maharashtra – 400 001.
- Tata Steel Limited is one of the leading global steel companies, with over 100 (hundred) years of experience in the steel sector and is a pioneer of steel manufacturing in India. TSL is also amongst the lowest cost integrated steel manufacturers in India, with 100% (hundred percent) captive iron ore sources. With its wide portfolio of downstream, value-added and branded products, TSL caters to customers across all segments through its well-established distribution network. It has operations in India, Europe and South East Asia. Tata Steel Group is one of the prominent geographically diversified steel producers. In addition, it has access to deep end of the markets and customer through its vast sales and distribution network.
- Raw material operations of TSL are located in India, Mozambique, and Canada. Manufacturing facilities are located in India, Thailand, Netherlands, and United Kingdom with cumulative crude steel capacity being 34 (thirty four) million tons per annum. TSL is structured into several strategic business units aligned to product categories including: flat products, long products, tubes, wires, bearings, ferro-alloys, etc. TSL has been aiming to increase resilience of the business to steel business cycles by developing knowledge and intellectual property in new materials and has been foraying into areas such as composites, graphene, and advanced ceramics.
- Equity shares of TSL are listed on National Stock Exchange of India ("NSE") and Bombay Stock Exchange ("BSE").
- Management of TSLPL ('the Management') has provided us with the details of equity shares (post sub-division) as below, which we have considered for the purpose of the valuation analysis.

Issued Capital	Number of Shares	Face Value	Amount (INR)
Fully paid-up	12,232,183,670	INR 1	12,232,183,670
Partly paid-up	2,232,880	INR 1	2,232,880
Total Issued Capital	12,234,416,550		12,234,416,550
Subscribed and Paid-up capital			
Fully paid-up	12,221,220,420	INR 1	12,221,220,420
Partly paid-up	2,232,880	INR 0.2504	559,113.152
Total Subscribed and Paid-up capital	12,223,453,300		12,221,779,533



Recommendation of Fair Equity Share Exchange Ratio for Proposed Amalgamation of Tata Steel Long Products Limited with Tata Steel Limited

Particulars	No. of Shares	% of Share holding
Promoter & Promoter Group	4,146,195,359	33.92%
Public	8,077,257,941	66.08%
Total	12,223,453,300	100.00%
<i>Source: Management</i>		



SCOPE AND PURPOSE OF THIS REPORT

We understand that the amalgamation of TSLPL with TSL is being contemplated through a Scheme of Amalgamation under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, and rules framed thereunder (hereinafter referred to as "the Proposed Scheme"), whereby it is proposed to amalgamate Tata Steel Long Products Limited into Tata Steel Limited, on a going concern basis ('Transaction').

The Transferee Company is one of the leading global steel companies, with over 100 (hundred) years of experience in the steel sector and is a pioneer of steel manufacturing in India. It is also amongst the lowest cost integrated steel manufacturers in India, with 100% (hundred percent) captive iron ore sources. The Transferor Company is in the business of production and marketing of sponge iron, which is a single end use (steel making) and a single grade product. It has also one of the largest specialty steel plants in India in the SBQ (special bar quality) segment with an annual capacity of one million tons per annum and the merchant DRI segments with a strong presence in the wire rod market. The amalgamation will ensure focused management in the combined entity thereby resulting in efficiency of management and maximizing value for the shareholders. Such restructuring will lead to simplification of group structure by eliminating multiple companies in similar business. Further, the amalgamation will translate to the philosophy of 'One Tata Steel' in front of customers which will lead to better customer service delivery.

In addition, resulting corporate holding structure will lead to agility in the business ecosystem of the Companies. As a result, operating costs will be reduced due to operational efficiencies, rationalisation, standardization, and simplification of business processes. Further, proposed Scheme will also reduce number of entities working in similar business lines.

The Transaction is proposed to be carried out with effect from the appointed date as specified in the Proposed Scheme.

For this purpose, RVS has been appointed to recommend the fair equity share exchange ratio for the said amalgamation ('Exchange Ratio'). The bases of value is 'Relative Value' and the valuation is based on 'Going Concern' premise.

The scope of our services is to conduct a relative (and not absolute) valuation of the equity shares of TSLPL and TSL and recommending an exchange ratio for the proposed amalgamation in accordance with the International Valuation Standards / ICAI Valuation Standards 2018 ('ICAI VS') issued by the Institute of Chartered Accountants of India ('ICAI').

This report is our deliverable for the above engagement.

This report is subject to the scope, assumptions, limitations, disclaimers and exclusions, detailed hereinafter. As such, the report is to be read in totality, and not in parts.



INFORMATION SOURCES

We have relied on the following sources of information and documents received from the Management as well as obtained from publicly available data sources:

- Draft Scheme of Amalgamation
- Audited financial statements of TSLPL and TSL upto 31st March 2022
- Financial statements of TSLPL and TSL for the quarter ended June 30, 2022;
- Details of certain items to be treated as asset / liability for the said transaction;
- Other publicly available data;
- Latest shareholding details of TSLPL and TSL;
- Fair value of surplus land in TSLPL as provided to us by the Management;
- Discussions with the Management to understand their perception of the historical and expected future performance, macro-economic parameters and key value drivers of the Companies;
- Market comparables, to the extent information on comparable companies is available in public domain;
- We have also relied on published and secondary sources of data whether or not made available by the Companies. We have not independently verified the accuracy or timeliness of the same.
- Other information and documents for the purpose of this engagement.

During the discussions with the Management, we have also obtained explanations and additional information considered reasonably necessary for our exercise. The Companies have been provided with the opportunity to review the report (excluding the recommended Ratios) as part of our standard practice to ensure that factual inaccuracies / omissions are avoided in our final report.



VALUATION STANDARDS FOLLOWED AND PROCEDURES ADOPTED FOR VALUATION

- We have performed the valuation analysis, to the extent possible, in accordance with Indian Valuation Standards, 2018 issued by the Institute of Chartered Accountants of India ('IVS'). IVS 301 on Business Valuation deals with valuation of a business or business ownership interest (i.e., it includes valuation of equity shares).
- In connection with this exercise, we have adopted the following procedures to carry out the valuation analysis:
 - Requested and received relevant data (financial and qualitative) from the Management.
 - Used data available in public domain related to the Companies and its peers.
 - Discussions with the Management on understanding of the businesses of the Companies concerning the business and fundamental factors that affect their earning capacity including historical performance, future plans and prospects, etc.
 - Obtained and analysed market prices of equity shares of the Companies.
 - Determination of valuation multiples of comparable companies using information in public domain.
 - Selection of valuation approach and valuation methodology/ (ies), in accordance with IVS, as considered appropriate and relevant by us.
 - Arriving at the relative values of the equity shares of the Companies to determine the fair equity share exchange ratio for the Proposed Transaction.



SCOPE LIMITATIONS AND DISCLAIMERS

- We have no present or prospective contemplated financial interest in the Companies and we have no personal interest with respect to the Promoters and Board of Directors of the Companies. We have no bias/prejudice with respect to any matter that is the subject of the valuation report. The fee for the valuation engagement is not contingent upon the results reported and no way influenced the results of our valuation analysis.
- We have adopted Relative Value as the valuation base and Going Concern value as the premise of value. While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with the generally accepted auditing standards. We have placed reliance on information provided by the Management and their respective authorized representatives. Our reliance is based on the completeness and accuracy of the facts provided; which if not entirely complete or accurate, should be communicated to us immediately, as the inaccuracy or incompleteness could have a material impact on our findings. We further assume that the Managements of the Companies have brought to our attention all material transactions, events or any other factor having an impact on the share exchange ratio.
- Our report is subject to the terms of engagement mentioned in our engagement letter dated 08th September 2022. Valuation analysis and results are specific to the purpose of valuation mentioned in this report as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date.
- We owe responsibility to only the Management of the Company that has retained us and nobody else. We do not accept any liability to any third party in relation to the issue of this valuation report. Our valuation report cannot be used for any other purpose. This report has been prepared for the Management solely for the purpose of the proposed amalgamation envisaged in the Scheme. This report should not be used for any other purpose. We understand that the Company may submit the Report to or share the Report with its Fairness Opinion Provider and regulatory authorities/ stock exchanges, in connection with the proposed Transaction.
- Our analysis is based on the market conditions and the regulatory environment that currently exists. However, changes to the same in the future could impact the company and the industry it operates in, which may impact our valuation analysis.
- Neither we nor any of our affiliates are responsible for updating this report because of events or transactions occurring subsequent to the date of this report.



- We have considered and relied on the information provided to us by the Management including financial information, significant transactions and events occurring subsequent to the balance sheet date. We understand that the information provided to us and the representations made to us (whether verbal or written) are reliable and adequate. We have derived our conclusions and recommendation from the information so provided and we are thus reliant on the given information to be complete and accurate in every significant aspect. We are made to believe that the Management has informed us about all material transactions, events or any other relevant factors which are likely to have an impact on our valuation recommendation.
- In the ultimate analysis, valuation will have to capture the exercise of judicious discretion by the Valuer and judgment taking into account all the relevant factors. There will always be several factors which are not evident from the face of the financial statements, but which will strongly influence the worth of a share. Examples of such factors include quality and integrity of the management, capital adequacy, asset quality, earnings, liquidity, size, present and prospective competition, yield on comparable securities and market sentiment, etc. This concept is also recognized in judicial decisions.
- This Report does not look into the business / commercial reasons behind the transaction. We have no present or planned future interest in either of the companies and the fee for this certificate is not contingent upon the values reported therein. Our valuation analysis should not be construed as an investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any transaction with the companies.
- The Management has informed us that Deloitte Touché Tohmatsu India LLP and Registered Valuer - Vikrant Jain (IBBI/RV/05/2018/10204) (jointly referred to as valuers) have been appointed by TCIL and TSL respectively, to issue a valuation report on the Fair Equity Share Exchange Ratio, for their regulatory compliance and evaluation purposes for the proposed Amalgamation. Further, at the request of the Management, we have had discussions with the Registered Valuer mentioned in respect of our valuation analysis.
- Any discrepancy in any table between the total and sum of the amounts listed are due to rounding-off.
- The valuation report is subject to the laws of India.



VALUATION APPROACHES AND METHODOLOGIES

- Arriving at the fair equity share exchange ratios for the proposed amalgamation of TSLPL into TSL, would require determining the relative equity valuation of TSLPL and TSL, based on methodologies explained herein and various qualitative factors relevant to TSLPL and TSL.
- The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner.
- It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we have made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Companies, and other factors which generally influence the valuation of companies and their assets.
- As per the Scheme, the equity shareholders of TSLPL (other than TSL) will be issued equity shares of TSL as consideration for the proposed amalgamation. In accordance with IVS, to arrive at the fair share exchange ratio, it is required to determine the fair value of equity shares of TSLPL and fair value of equity shares of TSL. These values are to be determined on a per share basis and are to be determined independently without considering the proposed transaction. The values are then to be assessed on a relative basis to determine the share exchange ratio.
- For the purpose of valuation, it is necessary to select an appropriate basis of valuation amongst the various valuation techniques. It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. The application of any particular method of valuation depends upon various factors including the size of company, nature of its business and purpose of valuation. Further, the concept of valuation is all about the price at which a transaction takes place i.e., the price at which seller is willing to sell and buyer is willing to buy. Accordingly, a fair and reasonable approach for valuing the shares of the company is to use a combination of these methods.



- The three main approaches of valuation are the market approach, income approach and asset approach. There are several commonly used and accepted methods including those set out in the ICAI valuation standards, within the asset approach, income approach and market approach, for determining the relative values to arrive at the Share Exchange Ratio for the proposed Transaction.
- IVS 301 specifies that generally the following three approaches for valuation of business / business ownership interest are used:
 - Cost Approach
 - Market Approach
 - Income Approach
- These approaches and methodologies have been considered in the present valuation exercise, to the extent relevant and applicable, to arrive at the fair equity Share Exchange Ratio for the purpose of the Amalgamation:

Cost Approach – Net Asset Value (NAV) method

- The value under cost approach is determined based on the underlying value of the assets which could be on book value basis, replacement cost basis or on the basis of realizable value. Under NAV method, total value of the business is based on the Net Assets Value either on book value or realizable value or replacement cost basis. NAV methodology is most applicable for the business where the value lies in the underlying assets and not the ongoing operations of the business. NAV method does not capture the future earning capacity of the business.
- We have not considered NAV method for the said valuation purpose as both TSLPL and TSL are operating businesses and we understand that historical book value does not reflect intrinsic value of their businesses. The valuation is undertaken with going concern assumption and we do not contemplate an actual sale realization of the individual assets. We have therefore not considered NAV method for the said valuation.

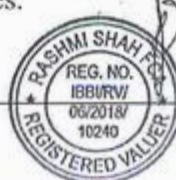


Income Approach – Discounted Cash Flows (DCF) method

- Under the Income Approach, business is valued by converting maintainable or future amount of cash flows to a single current amount either through discounting or capitalization. DCF Method seeks to arrive at the value of the business based on its future cash flows generating capability and the risks associated with the said cash flows. FCFE or free cash flows to the firm ("FCFE") represents the cash available for distribution to both the owners and the creditors of the business. Risk-adjusted discount rate or Weighted Average Cost of Capital ("WACC") is applied to free cash flows in the explicit period and that in perpetuity. Adjustments pertaining to debt, surplus/non-operating assets including investments, cash & bank balance and contingent assets/liabilities and other liabilities, as relevant, are required to be made in order to arrive at the value for equity shareholders. The total value for the equity shareholders so arrived is then to be divided by the number of equity shares to arrive at the value per equity share of the company.
- In the present case, since the Companies are listed on stock exchanges, information relating to the future financial performance of the Companies is price sensitive. Additionally having regard to the business in which the companies operate, projecting financials of the companies on a reliable basis, to afford a relative comparison, is difficult and involves considerable subjectivity, and hence such projections have not been made available for the present exercise. In the absence of business plan and projections, we have not considered the Income Approach.

Market Approach – Market Price method

- Under the Market Price method, the market price of an equity share as quoted on a recognized Stock Exchange is normally considered as the value of the equity shares of that company, where such quotations are arising from the shares being regularly and frequently traded. Generally, market value is reflective of the investors' perception about the actual worth of the company. However, in certain situations, the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further in case of amalgamation, where the value of shares of one company is required to be evaluated against the value of shares of another company, the volume of shares traded and available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.
- Since, TSLPL and TSL are listed companies and market price of equity shares of TSLPL and TSL are traded on NSE and BSE over a reasonable period, we have considered this method to determine the value of shares of the Companies. We understand that the shares of the Companies are being frequently traded. We have thus considered volume weighted average price for an appropriate period for determining the value of equity shares of the Companies.



Market Approach – Comparable Companies' Multiple (CCM) method

- Under CCM Method, the value of shares of the subject company is determined on the basis of multiples derived from valuations of comparable companies. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. Considering availability of listed comparable companies and availability of profitability levels, we have considered the CCM method of valuation to determine the value of shares of TSLPL and TSL.
- We have considered Enterprise Value to Earnings before interest, tax, depreciation and amortization (EV/EBITDA) multiple to determine the value of equity shares of TSLPL and TSL under CCM method.



SHARE ISSUANCE RATIO AND CONCLUSION

- The basis of the amalgamation of TSLPL with TSL would have to be determined after taking into consideration all the factors and methods mentioned in this Report. Though different values have been arrived at under each of the above methods, for the purposes of recommending the fair exchange ratio of equity shares it is necessary to arrive at a final value for each of the Companies' shares. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Companies, but at their relative values to facilitate the determination of the Fair Equity Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches / methods.
- The Fair Equity Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of the Companies based on the various approaches / methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Companies, having regard to information base, key underlying assumptions and limitations. We have independently applied methods discussed above, as considered appropriate, and arrived at their assessment of the value per equity share of TSLPL and TSL.
- In light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove referred to earlier in this Report for proposed amalgamation and upon the proposed Scheme becoming effective, in our opinion, we recommend Fair Equity Share Exchange Ratio for the amalgamation of TSLPL with TSL as below:
- "67 (Sixty-seven) equity shares of Tata Steel Limited of face value of INR 1/- each fully paid up for every 10 (Ten) equity shares of Tata Steel Long Products Limited of face value of INR 10/- each fully paid up"

Yours faithfully,



Rashmi Shah FCA

Registered Valuer with IBBI Registration No.: IBBI/RV/06/2018/10240

For R V Shah & Associates (Chartered Accountants)

ICAI Membership No.: 123478

FRN: 133958W

Place: Mumbai

Date: 22nd September 2022

ICAI UDIN: 22123478ATYLEU3027



ANNEXURE – SHARE EXCHANGE RATIO WORKINGS

Fair Equity Share Exchange Ratio

Valuation approach	Tata Steel Long Products Limited		Tata Steel Limited	
	Value per share (INR)	Weight (%)	Value per share (INR)	Weight (%)
Asset approach - NAV method	637	0%	89	0%
Market approach - Market Price method	682	50%	100	50%
Market approach - CCM method	735	50%	112	50%
Relative value per share	708		106	
Recommended Fair Equity Share Exchange Ratio (rounded off)	6.7 i.e., 67 equity shares of TSL for every 10 equity shares of TSLPL			

Based on the above computation, we recommend a Fair Equity Share Exchange Ratio as below:

“67 (Sixty-seven) equity shares of Tata Steel Limited of face value of INR 1/- each fully paid up for every 10 (Ten) equity shares of Tata Steel Long Products Limited of face value of INR 10/- each fully paid up”

The Fair Equity Share Exchange Ratio has been arrived at on the basis of valuation (on a per share basis) of TSLPL and TSL considering the various approaches and methodologies as explained herein earlier and various qualitative factors relevant to each business along with key underlying assumptions and limitations.

In the ultimate analysis, it is essential to arrive at a single value while considering the different applicable methodologies of valuation. We have applied appropriate weights to the values determined under the Asset, Income and Market Approaches for valuation of the Companies.



STRICTLY PRIVATE AND CONFIDENTIAL

Dated: 22 September 2022


Ref: DTTILLP/G-200/174

To,

The Board of Directors,
Tata Steel Long Products Limited
11th Floor, Tata Centre,
43 Chowringhee Road,
Kolkata - 700071,
West Bengal, India.

CERTIFIED TO BE TRUE COPY

TATA Steel Long Products Limited


Sankar Bhattacharya
Company Secretary and Compliance Officer

Re: Recommendation of the fair equity share exchange ratio for the purpose of the proposed amalgamation of Tata Steel Long Products Limited into Tata Steel Limited.

Dear Madam/ Sir,

We refer to the engagement letter whereby Audit Committee of Tata Steel Long Products Limited (hereinafter referred to as "TSLP" or the "Company") has appointed Deloitte Touche Tohmatsu India LLP (hereinafter referred to as "DTTILLP" or the "Valuer" or "we" or "us") to recommend the Fair Equity Share Exchange Ratio (defined hereinafter) for the Proposed Amalgamation (defined hereinafter).

TSLP and Tata Steel Limited (hereinafter referred to as "TSL") are together referred to as the "Companies" in this report (the "Report").

SCOPE AND PURPOSE OF THIS REPORT

Tata Steel Long Products Limited (formerly Tata Sponge Iron Limited), a subsidiary of Tata Steel Limited, is engaged in the business of production and marketing of sponge iron (which is a single end use (steel making) and a single grade product), alloy based long products and power generation from waste heat. TSLP was founded in 1982 and is headquartered in Kolkata, India. TSLP had reported revenue from operations and profit/ (loss) after tax of INR 69,391 million and INR 6,298 million respectively, for the year ended 31 March 2022. TSLP had a net worth of INR 32,004 million on 31 March 2022. TSLP is a subsidiary of TSL who currently holds 74.91 % equity stake in TSLP.

TSL manufactures and distributes steel products in India and internationally. TSL offers hot-rolled and cold-rolled coated steel coils and sheets, precision tubes, tire bead wires, spring wires, and bearings, as well as auto



ancillaries; and galvanized iron wires, agriculture and garden tools, and conveyance tubes, etc. TSL was founded in 1907 and is headquartered in Mumbai, India. TSL had reported consolidated revenue from operations and profit/ (loss) after tax of INR 2,439,591 million and INR 417,493 million respectively, for the year ended 31 March 2022. TSL had a consolidated net worth of INR 1,144,430 million on 31 March 2022.

The equity shares of TSLP and TSL are listed on National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE"). Further, the Global Depositary Receipts of TSL are also listed on London Stock Exchange and Luxembourg Stock Exchange.

In order to consolidate their operations, the management of TSLP ("Management") and management of TSL are contemplating the Amalgamation of TSLP into TSL on a going concern basis with effect from the proposed Appointed Date as mentioned in the Scheme (defined hereinafter), pursuant to a scheme of Amalgamation under the provisions of Sections 230 to 232 of the Companies Act, 2013 (including any statutory modifications, re-enactment or amendments thereof) and other applicable securities and capital market laws (the "Scheme") (the "Proposed Amalgamation"). In consideration thereof, equity shares of TSL will be issued to the equity shareholders of TSLP, other than in respect of equity shares of TSLP held by TSL which will be cancelled once the Scheme becomes effective. The number of equity shares of TSL of face value of INR 1/- each to be issued for the equity shares of TSLP of face value of INR 10/- each in the event of the Proposed Amalgamation is referred to as the "Fair Equity Share Exchange Ratio".

It is in this connection that TSLP has requested us to render our professional services by way of recommendation of the Fair Equity Share Exchange Ratio for the Proposed Amalgamation on a going concern basis with 21 September 2022 being the "Valuation Date", for the consideration of the Board of Directors (the "Board") (including audit committee, as applicable) of TSLP.

We understand that this Report is required for the internal purpose of the Audit Committee and Board of Directors of TSLP and you did not require us to perform this valuation as a registered valuer under the Companies Act 2013 ("Act"), the Companies (Registered Valuers And Valuation) Rules, 2017 ("Rules") or as per any other rules, regulations, standards, bye-laws, ordinance, notifications issued pursuant to such Act or Rules or under any applicable SEBI regulations. Accordingly, our valuation analysis and this Report does not constitute nor can be construed as a valuation carried out by a registered valuer in accordance with such Act or Rules or such regulations and any such use of our valuation analysis and this Report is not permitted.

The scope of our service is to conduct a relative valuation (not an absolute valuation) of the equity shares of the Companies and recommend a Fair Equity Share Exchange Ratio for the Proposed Amalgamation.

We have considered financial information up to 30 June 2022 in our analysis and made adjustments for facts made known (past or future) to us till the date of our Report, including taking into consideration current market parameters, which will have a bearing on the valuation analysis. We have been informed that the business activities of the Companies have been carried out in the normal and ordinary course between 30 June 2022 and



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the Report date and that no material changes have occurred in their respective operations and financial position between 30 June 2022 and the Report date. Further, we have been informed that all material information impacting the Companies have been disclosed to us.

We have relied on the above while arriving at the Fair Equity Share Exchange Ratio for the Proposed Amalgamation.

We have been informed that till the Proposed Amalgamation becomes effective, neither Companies would declare any substantial dividends having materially different yields as compared to past few years.

We have been informed that, in the event that either of the Companies restructure their equity share capital by way of share split / consolidation / issue of bonus shares before the Proposed Amalgamation becomes effective, the issue of shares pursuant to the fair equity share exchange ratio recommended in this Report shall be adjusted accordingly to take into account the effect of any such corporate actions.

This Report is our deliverable in respect of our recommendation of the Fair Equity Share Exchange Ratio for the Proposed Amalgamation.

The Management has informed us that Rashmi Shah [IBBI/RV/06/2018/10240] and Vikrant Jain [IBBI/RV/05/2018/10204] (together referred as the "Registered Valuers") have been appointed by TSLP and TSL respectively to issue a valuation report on the Fair Equity Share Exchange Ratio, for their regulatory compliance and evaluation purposes for the purpose of the Proposed Amalgamation. Further, at the request of the Management, we have had discussions with the Registered Valuers mentioned above in respect of our valuation analysis.

The Management has informed us that RBSA Capital Advisors LLP (referred as the "Fairness Opinion Provider") has been appointed by TSLP to provide fairness opinion on the Fair Equity Share Exchange Ratio for the purpose of the Proposed Amalgamation. Further, at the request of Management, we have had discussions with the Fairness Opinion Provider in respect of our valuation analysis.

DTTILLP and the Registered Valuers have been appointed severally and not jointly and have worked separately in their analysis and have received information and clarifications from their respective clients. DTTILLP and the Registered Valuers have separately arrived at different values per share of the Companies. However, to arrive at the consensus on the Fair Equity Share Exchange Ratio for the Proposed Amalgamation, appropriate minor adjustments / rounding off has been done in the values arrived at by DTTILLP and the Registered Valuers.

This Report and the information contained herein is absolutely confidential. The Report will be used by TSLP only for the purpose, as indicated in this Report, for which we have been appointed. The results of our valuation analysis and our Report cannot be used or relied by TSLP for any other purpose or by any other party for any



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purpose whatsoever. We are not responsible to any other person/ party for any decision of such person/ party based on this Report. Any person/ party intending to provide finance/ invest in the shares/ businesses of the Companies/ their holding companies/ subsidiaries/ joint ventures/ associates/ investee/ group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/ party (other than TSLP) chooses to place reliance upon any matters included in the report, they shall do so at their own risk and without recourse to us. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this Report or any part thereof, except for the purpose as set out earlier in this Report, without our prior written consent, is not permitted.

DTTILLP owe responsibility to TSLP, under the terms of the engagement, and no other person; and that, to the fullest extent permitted by law, DTTILLP accept no responsibility or liability to any other party, in connection with this Report.

The Report including, (for the avoidance of doubt) the information contained in it is absolutely confidential and intended only for the sole use and information of TSLP. Without limiting the foregoing, we understand that TSLP may be required to submit the Report to or share the Report with TSLP's Fairness Opinion Provider and regulatory authorities/ stock exchanges, in connection with the Proposed Amalgamation (together, "Permitted Recipients"). We hereby give consent to the disclosure of the Report to any of them, subject to TSLP ensuring that any such disclosure shall be subject to the condition and understanding that:

- it will be the TSLP's responsibility to review the Report and identify any confidential information that it does not wish to disclose;
- we owe responsibility to only TSLP that has engaged us and nobody else, and to the fullest extent permitted by law;
- we do not owe any duty of care to anyone else other than TSLP and accordingly that no one other than the TSLP is entitled to rely on any part of the Report;
- we accept no responsibility or liability towards any third party (including, the Permitted Recipients) to whom the Report may be shared with or disclosed or who may have access to the Report pursuant to the disclosure of the Report to the Permitted Recipients. Accordingly no one other than TSLP shall have any recourse to us with respect to the Report;
- we shall not under any circumstances have any direct or indirect liability or responsibility to any party engaged by TSLP or to whom TSLP may disclose or directly or indirectly permit the disclosure of any part of the Report and that by allowing such disclosure we do not assume any duty of care or liability, whether in contract, tort, breach of statutory duty or otherwise, towards any of the third parties.



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It is clarified that reference to this valuation Report in any document and/ or filing with aforementioned regulatory authorities/ stock exchanges/ Fairness Opinion Provider, in connection with the Proposed Amalgamation, shall not be deemed to be an acceptance by us of any responsibility or liability to any person/ party other than the Board of Directors of TSLP.

This Report is subject to the scope, assumptions, qualifications, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

SOURCES OF INFORMATION

Valuation analysis was undertaken on the basis of the following relating to the Companies, furnished to us by TSLP and information available in public domain:

- Annual Reports for the financial year ended 31 March 2022 and earlier periods for the Companies
- Audited financial results and unaudited provisional balance sheet for the quarter ended 30 June 2022 for TSLP
- Limited reviewed consolidated financial results and unaudited provisional balance sheet for the quarter ended 30 June 2022 for TSL
- Discussions with the Management and representatives of TSLP in connection with the operations of the respective Companies, past and present activities, share capital of the Companies, etc.
- Information relating to the subsidiaries and associates of the Companies and such other information, data, analysis and enquiries, as we considered necessary

We have also obtained the explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise from the Management and representatives of TSLP. TSLP has been provided with the opportunity to review the draft report (excluding the recommended Fair Equity Share Exchange Ratio) for this engagement to make sure that factual inaccuracies are avoided in our final report.

PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Requested and received financial and qualitative information
- Used data available in public domain related to the Companies and its peers
- Discussions (over call) with the Management and its representatives to:
 - Understand the business and fundamental factors that affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance.
- Undertook Industry Analysis:
 - Research publicly available market data including economic factors and industry trends that may impact the valuation



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- o Analysis of key trends and valuation multiples of comparable companies/comparable transactions using: Proprietary databases subscribed by us or our network firms
- Selection of internationally accepted valuation methodology/(ies) as considered appropriate by us.
- Arriving at the relative valuation of the equity shares of the Companies in order to determine the Fair Equity Share Exchange Ratio for the Proposed Amalgamation

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

This Report is subject to the limitations detailed in our engagement letter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This Report, its content, and the results herein are specific to (i) the purpose of valuation and the Valuation Date mentioned in the Report and agreed as per the terms of our engagement; ii) the Report Date; iii) Audited financial results and unaudited provisional balance sheet of TSLP and limited reviewed consolidated financial results and unaudited provisional balance sheet of TSL for the three months ended 30 June 2022 and (iv) other information obtained by us from time to time. We have been informed that the business activities of the Companies have been carried out in the normal and ordinary course between 30 June 2022 and the Report date and that no material changes have occurred in their respective operations and financial position between 30 June 2022 and the Report date.

Valuation analysis and results are specific to the purpose of valuation and as per the agreed terms of the engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

A valuation of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular as in effect on and the information made available to us as of, the date hereof. This Report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on valuation analysis for the Proposed Amalgamation. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

The recommendation rendered in this Report only represents our recommendation based upon information received from TSLP and other sources and the said recommendation shall be considered to be in the nature of



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non-binding advice (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). You acknowledge and agree that you have the final responsibility for the determination of the Fair Equity Share Exchange Ratio at which the Proposed Amalgamation shall take place and factors other than our valuation Report will need to be taken into account in determining the Fair Equity Share Exchange Ratio; these will include your own assessment of the Proposed Amalgamation and may include the input of other professional advisors.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data. In accordance with the terms of our engagement, we have carried out relevant analysis and evaluations through discussions, calculations and such other means, as may be applicable and available, we have assumed and relied upon, without independently verifying, (i) the accuracy of the information that was publicly available, sourced from subscribed databases and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by TSLP. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information. Our valuation does not constitute as an audit or review in accordance with the auditing standards applicable in India, accounting/ financial/ commercial/ legal/ tax/ environmental due diligence or forensic/ investigation services, and does not include verification or validation work. In accordance with the terms of our engagement letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed, certified, carried out a due diligence, or otherwise investigated the historical financial information, if any, provided to us regarding the Companies/ their holding/ subsidiary/ associates/ joint ventures/ investee companies, if any. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the historical financials/ financial statements. The assignment did not involve us to conduct the financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the Companies. Also, with respect to explanations and information sought from the Companies, we have been given to understand by TSLP that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the assumptions and information given by/on behalf of TSLP. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by TSLP and their impact on the Report.

This Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/ unaudited balance sheets of the Companies/ their



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holding/ subsidiary/ associates/ joint ventures/ investee companies, if any. Our conclusion of value assumes that the assets and liabilities of the Companies reflected in their respective latest audited balance sheets remain intact as of this Report date. No investigation of the Companies' claim to title of assets has been made for the purpose of this Report and the Companies' claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

Our Report is not, nor should it be construed as our opinion or certification of the compliance of the Proposed Amalgamation with the provisions of any law/ standards including companies, foreign exchange regulatory, securities market, accounting and taxation (including transfer pricing) laws/ standards or as regards any legal, accounting or taxation implications or issues arising from such Proposed Amalgamation.

We have not carried out any physical verification of the assets and liabilities of the Companies and take no responsibility for the identification of such assets and liabilities.

Our Report is not, nor should it be construed as our recommendation of the Proposed Amalgamation or anything consequential thereto/ resulting therefrom. This Report does not address the relative merits of the Proposed Amalgamation as compared with any other alternatives or whether or not such alternatives could be achieved or are available. Any decision by the Companies/ their shareholders/ creditors regarding whether or not to proceed with the Proposed Amalgamation shall rest solely with them. We express no opinion or recommendation as to how the shareholders/ creditors of the Companies should vote at any shareholders'/ creditors' meeting(s) to be held in connection with the Proposed Amalgamation. This Report does not in any manner address, opine on or recommend the prices at which the securities of the Companies could or should transact at following the announcement/ consummation of the Proposed Amalgamation. Our Report and the opinion/ valuation analysis contained herein is not nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities or as providing management services or carrying out management functions. It is understood that this analysis does not represent a fairness opinion.

The fee for our valuation analysis and the Report is not contingent upon the results reported.

In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the Proposed Amalgamation, without our prior written consent.

This valuation Report is subject to the laws of India.



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Any discrepancies in any table/ annexure between the total and the sums of the amounts listed are due to rounding-off

SHARE CAPITAL DETAILS OF THE COMPANIES

Tata Steel Long Products Limited

As at the Valuation Date, the paid up equity share capital of TSLP was ~ INR 451 million consisting of 45,100,000 equity shares of face value of INR 10/- each fully paid up, which we have considered for the purpose of the valuation analysis.

Category	No of Shares	% shareholding
TSL	33,786,521	74.91
Public	11,313,479	25.09
Total	45,100,000	100.00

Tata Steel Limited

As at the Valuation Date, the paid up equity share capital of TSL was ~ INR 12,224 million consisting of 12,223,453,300 equity shares of face value of INR 1/- each of which 12,221,220,420 equity shares of INR 1/ each are fully paid up and 2,232,880 equity shares of INR 1/- each are partly paid up. We have considered 12,223,453,300 equity shares for the purpose of the valuation analysis.

Category	No of Shares	% shareholding
Promoter Group	4,143,586,570	33.90
Public	8,079,866,730	66.10
Total	12,223,453,300	100.00

APPROACH – BASIS OF AMALGAMATION

The Scheme contemplates the Proposed Amalgamation under Sections 230 to 232 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013 and rules issued thereunder to the extent applicable.

Arriving at the Fair Equity Share Exchange Ratio for the purposes of an amalgamation such as the Proposed Amalgamation, would require determining the relative values of each company involved and of their equity shares. These values are to be determined independently but on a relative basis, and without considering the effect of the amalgamation.



The three main valuation approaches are the asset approach, income approach and market approach. There are several commonly used and accepted methods within the market approach, income approach and asset approach, for determining the relative fair value of equity shares of a company, which can be considered in the present valuation exercise, to the extent relevant and applicable, to arrive at the Fair Equity Share Exchange Ratio for the purpose of the Proposed Amalgamation, such as:

1. Asset Approach - Net Asset Value (NAV) Method
2. Income Approach
 - Discounted Cash Flow (DCF) Method
 - Earnings Capitalisation Value (ECV) Method
3. Market Approach
 - Market Price Method
 - Comparable Companies Multiples (CCM) Method

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies/ businesses, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of method of valuation has been arrived at using usual and conventional methods adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Asset Approach - Net Asset Value Method

Under the asset approach, the net asset value method is considered, which is based on the underlying net assets and liabilities of the company, taking into account operating assets and liabilities on a book value basis and appropriate adjustments for, inter alia, value of surplus/ non-operating assets.

Income Approach: Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount. The value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.



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- **Discounted Cash Flow (DCF) Method:** Under this method, either:
 - the projected free cash flows from business operations available to all providers of capital are discounted at the weighted average cost of capital to such capital providers, on a market participant basis, and the sum of such discounted free cash flows is the value of the business from which value of debt and other capital is deducted, and other relevant adjustments made to arrive at the value of the equity – Free Cash Flows to Firm (FCFF) technique; This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk; or
 - the projected free cash flows from business operations available to equity shareholders (after deducting cash flows attributable to the debt and other capital providers) are discounted at the cost of equity, on a market participant basis, and the sum of such discounted free cash flows, after making other relevant adjustments, is the value of the equity - Free Cash Flows to Equity (FCFE) technique. This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to the equity capital providers. The opportunity cost to the equity capital provider equals the rate of return such equity capital provider expects to earn on other investments of equivalent risk.
- **Earnings Capitalisation Value (ECV) Method:** This method involves determination of the maintainable earnings level of the company from its operations, based on past and/ or projected working results. These earnings are then capitalized at a rate, which in the opinion of the valuer combines an adequate expectation of reward from the enterprise risk, to arrive at the value of the company.

Market Approach: Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

- **Market Price Method:** Under this method, the value of shares of a company is determined by taking the average of the market capitalisation of the equity shares of such company as quoted on a recognised stock exchange over reasonable periods of time where such quotations are arising from the shares being regularly and freely traded in an active market, subject to the element of speculative support that may be inbuilt in the market price. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share, especially where the market values are fluctuating in a volatile capital market. Further, in the case of an amalgamation, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard. This method would also cover any other transactions in the shares of the company including primary/ preferential issues/ open offer in the shares of the company available in the public domain.



- **Comparable Companies Multiples (CCM) Method:** Under this method, one attempts to measure the value of the shares/ business of company by applying the derived market multiple based on market quotations of comparable public/ listed companies, in an active market, possessing attributes similar to the business of such company - to the relevant financial parameter of the company/ business (based on past and/ or projected working results) after making adjustments to the derived multiples on account of dissimilarities with the comparable companies and the strengths, weaknesses and other factors peculiar to the company being valued. These valuations are based on the principle that such market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Out of the above methods, we have used approaches/ methods as considered appropriate by us. The valuation approaches/ methods used, and the values arrived at using such approaches/ methods by us have been tabled in the next section of this Report.

BASIS OF FAIR EQUITY SHARE EXCHANGE RATIO

The fair basis of the Proposed Amalgamation would have to be determined after taking into consideration all the factors, approaches and methods considered appropriate by us. Though different values have been arrived at under each of the above approaches/ methods, for the purposes of recommending the Fair Equity Share Exchange Ratio it is necessary to arrive at a single value for the shares of the companies involved in an amalgamation such as the Proposed Amalgamation. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of the Companies but at their relative values to facilitate the determination of a Fair Equity Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approach/ method.

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuer and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. The determination of exchange ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single exchange ratio. While we have provided our recommendation of the Fair Equity Share Exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Fair Equity Share Exchange Ratio of the equity shares of TSLP and TSL. The final responsibility for the determination of the Fair Equity Share Exchange Ratio at which the Proposed Amalgamation shall take place will be with the Audit Committee and Board of Directors of TSLP and TSL who should take into account other factors such as their own assessment of the Proposed Amalgamation and input of other advisors.



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The Fair Equity Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of TSLP and TSL based on the various approaches/ methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of these companies, having regard to information base, key underlying assumptions and limitations.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above, we recommend the following Fair Equity Share Exchange Ratio for the Proposed Amalgamation whose computation is as under:

Valuation Approach	Tata Steel Long Products Limited		Tata Steel Limited	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach - Net Asset Value Method	637	0%	89	0%
Income Approach	NA	NA	NA	NA
Market Approach – Market Price Method (i)	682	50%	100	50%
Market Approach – Comparable Companies Multiples Method (ii)	735	50%	112	50%
Relative Value per Share (INR) (Weighted Average of (i) and (ii))	709		106	
Fair Equity Share Exchange Ratio for Proposed Amalgamation of TSLP into TSL (rounded off)	67:10			

Notes:

For the present valuation analysis, the amalgamation of the Companies is proceeded with on the assumption that the Companies would merge as going concerns and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power, as reflected under the Income and Market approaches, is of greater importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance. Hence, while we have calculated and presented for informational purposes, the values of the shares of the Companies under the Asset Approach based on the book values of the net assets appearing in the balance sheets of the Companies as at 30 June 2022, we have considered it appropriate not to give any weightage to the same in arriving at the Fair Equity Share Exchange Ratio.

In the present case, since the Companies are listed on stock exchanges, information relating to the future financial performance of the Companies is price sensitive. Additionally having regard to the businesses in which the



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Companies operate, projecting financials of the Companies on a reliable basis, to afford a relative comparison, is difficult and involves considerable subjectivity and hence such projections have not been made available for the present exercise. In the absence of business plan and projections, we have not considered the Income Approach.

In the present case, the equity shares of both the Companies, TSLP and TSL, are listed on BSE and NSE and are frequently traded. Hence, we have applied the Market Price Method under the Market Approach to arrive at the relative fair value of the shares for the purpose of arriving at the Fair Equity Share Exchange Ratio.

Considering the availability of comparable / benchmark listed companies engaged in the businesses carried out by the Companies, we have also applied the Comparable Companies Multiples method under the Market Approach to arrive at the relative fair value of the shares of the Companies for the purpose of arriving at the Fair Equity Share Exchange Ratio.

For the present valuation analysis, we have considered it appropriate to apply the Market Price Method and the Comparable Companies Multiples Method, to arrive at the relative fair value of the equity shares of the Companies for determining the Fair Equity Share Exchange Ratio for the purpose of the Proposed Amalgamation.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above, we recommend the following Fair Equity Share Exchange Ratio for the Proposed Amalgamation:

67 equity shares of Tata Steel Limited of INR 1/- each fully paid up for every 10 equity shares of Tata Steel Long Products Limited of INR 10/- each fully paid up.

Our valuation Report and Fair Equity Share Exchange Ratio is based on the equity share capital structure of TSLP and TSL as mentioned earlier in this Report. Any variation in the equity capital of TSLP and TSL may have material impact on the Fair Equity Share Exchange Ratio.

Respectfully submitted,

For Deloitte Touche Tohmatsu India LLP,



Nandita Pal

Partner

Date – 22 September 2022





To,
Manager - Listing Compliance
National Stock Exchange of India Limited
'Exchange Plaza'. C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai - 400 051

Dear Sir,

Sub: Confirmation for the proposed scheme of Amalgamation of Tata Steel Long Products Limited ('Transferor Company') into and with Tata Steel Limited ('Transferee Company' or 'Company')

In connection with the above application, I, Sankar Bhattacharya, Company Secretary and Compliance Officer of Tata Steel Long products Limited hereby confirm that:

- a) No material event impacting the valuation has occurred during the intervening period of filing the scheme documents with Stock Exchange and period under consideration for valuation.
- b) Declaration/ details on any past defaults of listed debt obligations of the entities forming part of the scheme

Yours faithfully,

Tata Steel Long Products Limited

Sankar Bhattacharya
Company Secretary and Compliance Officer

Date: October 10, 2022

Place: Kolkata

TATA STEEL LONG PRODUCTS LIMITED

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Tel 91 6767 278178 Fax 278129 Email info@tatasteellp.com
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