

Policy Note on Purchase of scraps,  
ferrous scrap, melting scrap, second  
coil and other related material by TSL

SN	Item	Particulars																																																				
1.	Nature of transaction	Purchase of scraps, ferrous scrap, melting scrap, second coil and other related material by TSL																																																				
2.	Name of Related Party, Relationship, Proposed transaction value for FY 26-27 and % of Tata Steel annual consolidated turnover:	<table border="1"> <thead> <tr> <th colspan="4">MRPT Entities</th> </tr> <tr> <th>Name of RP</th> <th>Relationship</th> <th>Rs. In crs</th> <th>%age</th> </tr> </thead> <tbody> <tr> <td>Tata International West Asia DMCC</td> <td>Subsidiary of Promoter</td> <td>INR 15 Crores</td> <td>0.01%</td> </tr> <tr> <th colspan="4">NWOS Entities</th> </tr> <tr> <th>Name of RP</th> <th>Relationship</th> <th>Rs. In crs</th> <th>%age</th> </tr> <tr> <td>Jamshedpur Continuous Annealing &amp; Processing Company Private Limited</td> <td>Joint Venture of TSL</td> <td>INR 100 Crores</td> <td>0.05%</td> </tr> <tr> <td>Tata International Singapore Pte. Ltd.</td> <td>Subsidiary of Promoter</td> <td>INR 15 Crores</td> <td>0.01%</td> </tr> <tr> <td>Tata Projects Limited</td> <td>Subsidiary of Promoter</td> <td>INR 50 Crores</td> <td>0.02%</td> </tr> <tr> <td>TRF Ltd.</td> <td>Associate of TSL</td> <td>INR 2 Crores</td> <td>0.00%</td> </tr> <tr> <td>Tata International Metals (Asia) Limited</td> <td>Subsidiary of Promoter</td> <td>INR 15 Crores</td> <td>0.01%</td> </tr> <tr> <td>Automotive Stampings &amp; Assemblies Ltd.</td> <td>Subsidiary of Promoter</td> <td>INR 10 Crores</td> <td>0.00%</td> </tr> <tr> <td>Tata International Vehicle Applications Private Limited</td> <td>Step-down subsidiary of Promoter</td> <td>INR 20 Crores</td> <td>0.01%</td> </tr> <tr> <td>Total</td> <td></td> <td>INR 227 Crores</td> <td>0.10%</td> </tr> </tbody> </table>	MRPT Entities				Name of RP	Relationship	Rs. In crs	%age	Tata International West Asia DMCC	Subsidiary of Promoter	INR 15 Crores	0.01%	NWOS Entities				Name of RP	Relationship	Rs. In crs	%age	Jamshedpur Continuous Annealing & Processing Company Private Limited	Joint Venture of TSL	INR 100 Crores	0.05%	Tata International Singapore Pte. Ltd.	Subsidiary of Promoter	INR 15 Crores	0.01%	Tata Projects Limited	Subsidiary of Promoter	INR 50 Crores	0.02%	TRF Ltd.	Associate of TSL	INR 2 Crores	0.00%	Tata International Metals (Asia) Limited	Subsidiary of Promoter	INR 15 Crores	0.01%	Automotive Stampings & Assemblies Ltd.	Subsidiary of Promoter	INR 10 Crores	0.00%	Tata International Vehicle Applications Private Limited	Step-down subsidiary of Promoter	INR 20 Crores	0.01%	Total		INR 227 Crores	0.10%
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3.	Duration of transaction	The transaction is on need basis.																																																				
4.	Description of transaction	<ol style="list-style-type: none"> <li>TSL deals with all by-products generated in the steelmaking value chain from raw materials to finished goods stage.</li> <li>To achieve its target of sustainability and reduced carbon emissions, TSL is emphasizing on use of purchased scrap and is building a supply chain for scrap imports to mitigate sourcing risk.</li> <li>TSL is planning to leverage expertise of its RP in collection and screening of high-quality scrap.</li> <li>Therefore, it proposes to develop supply chain and purchase scrap from group companies.</li> <li>TSL require steel scraps and other scrap products for following purposes: <ul style="list-style-type: none"> <li>Processed internally and re-used in steel manufacturing</li> <li>Processing, value addition and then re-sold in market.</li> </ul> </li> <li>Accordingly, TSL shall provide its requirement to RP and raise a purchase order with the following specifications: <ul style="list-style-type: none"> <li>Volume of material required</li> <li>The specification of the material and other parameters</li> <li>The date when delivery required</li> </ul> </li> <li>Purchase price determined based on arm's length pricing mechanism.</li> </ol>																																																				
5.	User Department	Steel Recycling Business																																																				

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6.	Justification of entering the transaction	Product needed by TSL is available in-house with related party of required quality and specification and the transaction is being undertaken at arm's length.
7.	Whether the transaction is in the ordinary course of business?	Based on the justification as presented above and as per representation by the management, the transaction is in the ordinary course of business.
8.	Whether the transaction is at arm's length?	Yes
9.	Is there adequate documentation available to substantiate arm's length?	A reasonable level of documentation is available. A comprehensive list of documents required to be maintained is provided in point 12 below.
10.	Flow diagram of transaction mechanism: <div style="text-align: center; border: 1px solid black; padding: 10px; margin: 10px 0;"> <pre> graph LR     A[Estimated volume of scrap, industrial by-products, etc. and specification determined by TSL] --&gt; B[Purchase order raised with requisite details]     B --&gt; C[Price of the material is determined based on competitive rates]     C --&gt; D[Invoice raised by RP on TSL]           </pre> </div>	
11.	Arm's length policy	<ol style="list-style-type: none"> <li>1. An analysis is required to be undertaken to identify any possible internal CUPs.</li> <li>2. In case of CUPs, following factors needs to be considered:               <ul style="list-style-type: none"> <li>• Similar products procured from third party vendors by TSL</li> <li>• Similar products sold to third party by RPs</li> </ul> </li> <li>3. In the absence of CUPs, need to evaluate external CUP i.e., price published in market publications.</li> <li>4. TSL purchase various grade of scrap i.e., HR scrap, CR scrap, Industrial scrap, and Second Coil.</li> <li>5. The purchase price to be determined as follows:               <p><u>Second Coil</u></p> <ul style="list-style-type: none"> <li>• Instance when CUPs data is not available, both the parties agree that the price for seconds coil would be determined as "Percentage discount on net realization of Steelium". The Net realization considered for pricing would be previous month average net realization (ex-plant) of Steelium by TSL. Discount percentage to be arrived based on the weighted average price difference between seconds coil vs Prime NR of Steelium during earlier years.</li> </ul> <p><u>HR/CR/Industrial Scrap</u></p> <ul style="list-style-type: none"> <li>• For HR /CR/Industrial Scrap it will be at a percentage discount on TMT ex-delhi price (steel mint published rate). Discount percentage to be arrived based on the monthly average price difference between market published price of HR cutting end/ CRCA scrap / HMS 80:20 vs TMR ex-delhi price, upto last two years.</li> <li>• The price determined above, will be adjusted on account of transportation cost.</li> </ul> <p><i>Rationale for not considering the external CUP: As per the management, the published price is based on various factor like quantum of scrap sold in market, purpose of scrap, etc., even there is no assurance that price will be available every month. Hence, taking a</i></p> </li> </ol>

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		<p><i>comparable price will not be appropriate accordingly, an average discount rate has been determined evaluating the correlation of scrap price to TMT, as TMT is a prime product and regularly traded in market.</i></p> <p><u>Any other category of Scrap</u></p> <ul style="list-style-type: none"> <li>• For any other category of scarp, price will be mutually discussed and agreed between the parties in line with arm's length pricing mechanism and the same will be evaluated before execution of the transaction.</li> </ul> <p>6. Invoice shall be raised by related party detailing:</p> <ul style="list-style-type: none"> <li>• The volume of quantity delivered</li> <li>• The grade and specification of the material delivered</li> </ul>
12.	Documentation	<ol style="list-style-type: none"> <li>1. The purchase order raised by TSL on RP.</li> <li>2. Invoices raised on the related party with similar details as above.</li> <li>3. Invoices for the price charged to third party or the market rate for similar transactions around the same time.</li> <li>4. Details of adjustments made in the price, if any.</li> <li>5. In the absence of CUP, computation of price obtained through NR and discount applied thereon.</li> </ol>
13.	Statutes covered	<ol style="list-style-type: none"> <li>1. The Companies Act, 2013</li> <li>2. SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015</li> </ol>