

Policy Note on transaction of Tata Steel UK
Ltd (TSUK) and Tata International West Asia
DMCC (TIWA)

SN	Item	Particulars
1.	Nature of Transaction	Purchase of Coils, Sheets, Coated Products, Plates, Slab including vendor managed inventory model etc. by TSUK
2.	Name of Subsidiary Entity	Tata Steel UK Ltd. (TSUK)
3.	Name of Related party	Tata International West Asia DMCC (TIWA)
4.	Nature of relationship with TSL	Step-down Subsidiary
5.	Proposed transaction value for FY 26-27	INR 6,700 Crores
6.	% of TSUK's annual standalone turnover	25.94%
7.	Duration of Transaction	The transaction is on a need basis.
8.	Description of Transaction	<ol style="list-style-type: none"> 1. TSUK is undergoing major operational transformation, for which it has to undergo blast furnace closure. 2. However, the downstream and steel processing centers shall remain operational, requiring a seamless supply of steel products. 3. Accordingly, TSUK aims to source materials from market participants with wide geographical presence. 4. TIWA has global presence in trading of steel products and related material. Hence, TSUK has approached TIWA for purchasing required goods. 5. TIWA may also supply goods under vendor management inventory model, wherein it will maintain the necessary stock for supply on Just-in-time basis. 6. Purchase order is raised by TSUK on TIWA at agreed prices.
9.	Justification of entering the transaction	Goods required by TSUK of required specification are available in-house with a related party at comparable rates.
10.	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.
11.	Whether the transaction is at arm's length?	Yes
12.	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 15 below.
13.	Flow diagram of transaction mechanism:	<pre> graph LR A[TSUK requires supply of steel products] --> B[TSUK communicate requirements to TIWA] B --> C[Price established based on market price subject to adjustments] C --> D[Adjustments made to market price] </pre>
14.	Arm's length policy	<ol style="list-style-type: none"> 1. An analysis is required to be undertaken to identify any possible internal CUPs. 2. In case of CUPs, following factors need to be considered: <ul style="list-style-type: none"> • Similar products procured from third party vendors by TSUK

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		<ul style="list-style-type: none"> • Similar products sold to third party by TIWA <p>3. For applying CUPs, necessarily need to ensure:</p> <ul style="list-style-type: none"> • The products are similar • The volume of transaction is similar • The functions, risks and associated assets involved are similar <p>4. In absence of internal CUP, the market price published report may be considered to benchmark the price to be charged for purchase from related party.</p> <p>5. The price of products to TSUK would be computed as below:</p> <ul style="list-style-type: none"> • International Price published in market report for relevant geography. • Add/Less: Adjustment of Freight and other handling charges based on term of delivery incurred by TIWA. • Add/Less: Adjustment on account of difference in grade, quality, discount from third party or any other parameter. <p>6. The arrangement needs to be considered in the context of the synergy to TSUK, i.e., leveraging TIWA's global presence in trading of steel products and related material.</p> <p>7. Further, any expenses incurred by TIWA like demurrage, warehousing charges, port charges, duty, transportation cost, etc., if any will be reimbursed at actual.</p>
15.	Documentation	<ol style="list-style-type: none"> 1. Agreement/PO between TSUK and TIWA. 2. Invoice raised by TIWA on TSUK. 3. In case of Internal CUPs: <ul style="list-style-type: none"> • Invoice raised by third party on TSUK, or • Invoice raised by TIWA on third party 4. In absence of any Internal CUPs: <ul style="list-style-type: none"> • Copy of published market report / screenshot of market report • Documents to support adjustments on account of freight other handling charges, difference in quality and any other parameter • Supporting for grades adjustment (if any) • For Discount, backup calculation and appropriate supporting for third party 5. Supporting documents for expenses incurred by TIWA like demurrage, warehousing charges, port charges, duty, transportation cost, etc., if any.
16.	Statutes covered	<ol style="list-style-type: none"> 1. SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015