

Policy Note on Receipt of factoring and other financial services by TSL

SN	Item	Particulars												
1.	Nature of transaction	Receipt of factoring and other financial services 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" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4" style="text-align: center;">MRPT Entity</th> </tr> <tr> <th style="width: 35%;">Name of RP</th> <th style="width: 25%;">Relationship</th> <th style="width: 20%;">Rs. in crs</th> <th style="width: 20%;">%age</th> </tr> </thead> <tbody> <tr> <td>Tata Capital Ltd.</td> <td>Subsidiary of Promoter</td> <td>INR 15,000 Crores</td> <td>8.86%</td> </tr> </tbody> </table>	MRPT Entity				Name of RP	Relationship	Rs. in crs	%age	Tata Capital Ltd.	Subsidiary of Promoter	INR 15,000 Crores	8.86%
MRPT Entity														
Name of RP	Relationship	Rs. in crs	%age											
Tata Capital Ltd.	Subsidiary of Promoter	INR 15,000 Crores	8.86%											
3.	Duration of transaction	The transaction is on need basis.												
4.	Description of transaction	<ol style="list-style-type: none"> 1. TSL is engaged in the manufacturing and trading of steel and other related products. 2. RP is an NBFC and offers fund and fee-based financial services to group entities as well as third parties. 3. TSL intends to discount its receivables of small and mid-sized customers. 4. RP has offered reasonable rate as compared to other NBFCs or banks. Hence, TSL proposes to enter into the arrangement with RP. 5. RP provides similar services to third party as well. 												
5.	User Department	Trade Finance												
6.	Justification of entering the transaction	Related party has in-house expertise for the services required by TSL, which is most commercially and synergistically appropriate for TSL 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:	<pre> graph LR A[TSL intends to discount its receivables.] --> B[RP has offered reasonable rate compared to other NBFCs.] B --> C[Hence, TSL proposes to enter into the arrangement with RP.] C --> D[Invoice raised by RP on TSL] </pre>												
11.	Arm's length policy	<ol style="list-style-type: none"> 1. TSL intends to discount its receivables of small and mid-sized customers. 2. An analysis is required to be undertaken to identify any possible internal CUPs. 3. For applying CUPs, necessarily need to ensure: <ul style="list-style-type: none"> • The services are similar • The volume of transaction is similar • The functions, risks and associated assets involved are similar 												

SN	Item	Particulars
		<p>4. In case of CUPs, following factors needs to be considered:</p> <ul style="list-style-type: none"> • Similar services received from third party vendors by TSL • Similar services provided to third party by RP <p>5. In the given instance, RP provides similar services to third party as well.</p> <p>6. Since the price paid by TSL is determined with respect to comparable prices, the transaction may be said to be at arm's length.</p>
12.	Documentation	<p>1. The agreement between TSL and RP.</p> <p>2. Invoices raised by related party on TSL.</p> <p>3. Agreement /Invoices raised by related party on Third Party</p>
13.	Statutes covered	<p>1. The Companies Act, 2013</p> <p>2. SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015</p>