

**CONFIDENTIAL**

Date: June 04, 2024

To  
**The Board of Directors,**  
**Tata Motors Finance Limited,**  
 14, 4<sup>th</sup> Floor, Sir H.C. Dinshaw Building 16,  
 Horniman Circle, Fort,  
 Mumbai - 400001

Dear Members of the Board:

**I. Engagement Background**

We understand that the Board of Directors of Tata Motors Finance Limited (the "Amalgamating Company" or "Company" or "TMFL") and Tata Capital Limited (the "Amalgamated Company" or "TCL"), are considering a composite scheme of arrangement ("Scheme") under Sections 230 to 232 read with Section 52, Section 66 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) as may be applicable and the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof and other applicable provisions of the regulations and guidelines issued by the SEBI from time to time. The Scheme, *inter alia*, provides for the amalgamation of TMFL with TCL.

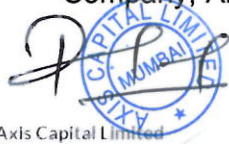
The Amalgamating Company and the Amalgamated Company are hereinafter referred to as "Parties".

We understand from the management of the Company that, pursuant to the proposed amalgamation, the equity shareholders of the Amalgamating Company will be issued equity shares of the Amalgamated Company as consideration for their respective shareholding in Amalgamating Company. The terms and conditions of the proposed amalgamation are more fully set out in the Draft Scheme of Arrangement shared with us on May 30, 2024 ("Draft Scheme"), the final version of which will be placed before the Board of Directors of both the Parties for necessary approval and will be filed with the appropriate authorities.

Further, in connection with the proposed Scheme, Non-Convertible Debenture ("NCD") holders of the Amalgamating Company will become NCD holders in the Amalgamated Company on the same terms and conditions laid down at the time of issuance by the Amalgamating Company.

We further understand that the Share Exchange Ratio (*defined below*) in respect of the equity shares of the Amalgamating Company, has been arrived at based on the Valuation Report dated June 04, 2024 ("Valuation Report"), prepared by PwC Business Consulting Services LLP (the "Valuer"), who has been independently appointed for this exercise by the Company.

Based on our perusal of the Valuation Report dated June 04, 2024 prepared by the Valuer, we understand that it has been proposed that pursuant to the amalgamation of the Amalgamating Company with the Amalgamated Company for every 100 (*hundred*) fully paid up equity share of the face value of INR 100 (*Indian Rupees Hundred only*) each held by the shareholders of Amalgamating Company, Amalgamated Company shall issue and allot 37 (*thirty seven*) fully paid up equity share of



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the face value of INR 10 (*Indian Rupees Ten only*) each of Amalgamated Company (hereinafter referred to as the "Share Exchange Ratio").

In connection with the aforesaid, you have requested our opinion ("Opinion"), as of the date hereof, as to the fairness of the Share Exchange Ratio, as proposed by the Valuer, from a financial point of view to the equity shareholders of the Amalgamating Company and view on the overall economic interest NCD holders of the Amalgamating Company.

## II. Basis of Opinion

The rationale for the Scheme as shared with us by the management of the Company is in the best interests of the Parties, and their respective stakeholders for the following reasons:


- (i) Consolidation of businesses would help in achieving the greater scale i.e., leading to the creation of a larger unified financial services entity with a wider geographical reach, stronger capital and asset base;
- (ii) Generate significant business synergies thereby enhancing stakeholders' value;
- (iii) Drive diversification and provide integrated solutions to the enhanced customer base;
- (iv) Providing differentiated growth opportunities to the people; and
- (v) The Parties have a proven track record in the respective businesses of credit and consolidating those will lead to pooling of knowledge and expertise.

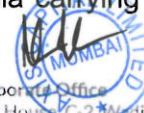
Therefore, on the basis of the above, the management of the Company, in the best interest of shareholders, creditors and employees of the respective Parties to the Scheme has proposed amalgamation.

Some key details related to each of the aforesaid companies is as under –

TMFL is a public limited company, incorporated on June 16, 1992, under the provisions of the Companies Act, 1956 (hereinafter referred to as the "1956 Act"), having Corporate Identification Number U65910MH1992PLC187184, and having its registered office at 14, 4<sup>th</sup> floor, Sir H.C. Dinshaw Building 16, Horniman Circle, Fort, Mumbai Maharashtra - 400001. The Amalgamating Company is a Non-Banking Financial Company operating as a non-banking financial company - Investment and Credit Company ("NBFC-ICC"). The Amalgamating Company is also registered with the Insurance Regulatory and Development Authority of India ("IRDAI") as a corporate agent in terms of the Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015. The Amalgamating Company is inter-alia carrying on the business of (a) granting loans and facilities for, inter-alia, financing the purchase of (i) new vehicles manufactured by Tata Motors Limited ("TML") and its group companies and (ii) pre-owned vehicles including refinancing existing vehicle finance loans; and (b) granting of loans and advances to transporters, dealers and vendors of TML including the provision of working capital facilities, invoice discounting facilities and factoring facilities. Certain NCDs of the Amalgamating Company are listed on the BSE Limited and the National Stock Exchange of India Limited and Commercial Papers are listed on the National Stock Exchange of India Limited.

TCL is a public limited company incorporated on March 08, 1991, under the provisions of the 1956 Act, having Corporate Identification Number U65990MH1991PLC060670, and having its registered office at 11<sup>th</sup> Floor, Tower A, Peninsula Business Park Ganpatrao Kadam Marg, Lower Parel Mumbai Maharashtra 400013. The Amalgamated Company is a Non-Banking Financial Company operating as an NBFC-ICC and is inter-alia carrying on the business of lending, leasing, factoring, hire purchase

  
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and financing. The Amalgamated Company is also registered with the IRDAI as a corporate agent in terms of the Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015. Certain NCDs and Commercial Papers of the Amalgamated Company are listed on the BSE Limited and the National Stock Exchange of India Limited.

The key features of the proposed amalgamation provided to us through the Draft Scheme are as under:

- (i) With effect from the Appointed Date (as defined in the Draft Scheme) and upon the Scheme becoming effective, the Amalgamating Company along with all its assets, liabilities, contracts, employees, licenses, records, approvals etc. shall stand transferred to and vest in or shall be deemed to have been transferred to and vested in the Amalgamated Company, as a going concern.
- (ii) The Amalgamating Company shall stand dissolved without winding up or without any further deed or act of a similar nature.
- (iii) As consideration for the amalgamation of Amalgamating Company with Amalgamated Company, Amalgamated Company shall issue and allot equity shares, subject to the required approvals, to the equity shareholders of Amalgamating Company proportionate to their holding in Amalgamating Company in the manner provided in the Scheme.
- (iv) Amalgamated Company shares to be issued and allotted by Amalgamated Company in terms of the Scheme shall be subject to the provisions of the memorandum and articles of association of the Amalgamated Company.
- (v) Share Exchange Ratio is based on the Valuation Report dated June 04, 2024, submitted by the Valuer.



We have relied upon the Draft Scheme shared with us and taken the abovementioned key features of the Scheme (together with other facts and assumptions set forth in section III of this Opinion) into account while determining the meaning of "fairness", from a financial point of view, for the purposes of this Opinion.

### **III. Limitation of Scope and Review**

Our Opinion and analysis are limited to the extent of review of documents as provided to us by Amalgamating Company including the Valuation Report dated June 04, 2024, prepared by the Valuer and the Draft Scheme provided by the management.

In connection with this Opinion, we have:

- (i) reviewed the Draft Scheme;
- (ii) reviewed the Valuation Report dated June 04, 2024, prepared by the Valuer;
- (iii) credit rating reports of existing NCDs of the Amalgamating Company and Amalgamated Company;
- (iv) terms of the existing NCDs of the Amalgamating Company;
- (v) reviewed certain publicly available historical and operational information with respect to each of the relevant entities available in their respective annual & interim reports and company presentations;
- (vi) current capital structure / shareholding pattern of the relevant entities;

  
  
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- (vii) reviewed certain historical and projected business and financial information relating to each of the relevant entities, as provided by the Company, and sought certain clarifications with respect to the same;
- (viii) considered publicly available research on Parties as available with us as at the date hereof;
- (ix) sought various clarifications from the respective senior management teams of the relevant companies; and
- (x) considered such other information and factors as we deemed appropriate.


We have assumed and relied upon the accuracy and completeness of all information and documents provided to us, data publicly available or otherwise reviewed by or discussed with us. We have relied upon assurances of the Amalgamating Company that they are not aware of any facts or circumstances that would make such information or data incomplete, inaccurate or misleading in any material respect.


We have not carried out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of Amalgamating Company, Amalgamated Company, and / or their subsidiaries / affiliates. In particular, we do not express any opinion as to the value of any asset of Amalgamating Company, Amalgamated Company, and / or their subsidiaries / affiliates, whether at the current time or in the future. No investigation of Amalgamating Company's and Amalgamated Company's claim to title of assets has been made for the purpose of the exercise and the claim to such rights has been assumed to be fully valid. No consideration has been given to liens or encumbrances against the assets. Therefore, no responsibility whatsoever is assumed for matters of a legal nature. Further, we have not evaluated the solvency or fair value of Amalgamating Company and / or Amalgamated Company and / or their subsidiaries / affiliates under any law relating to bankruptcy, insolvency or similar matter.

One should note that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. Moreover, in this case where shares of the Amalgamated Company are being issued as consideration to the equity shareholders of the Amalgamating Company, it is not the absolute valuation that is important for framing an opinion but the relative valuation of the Amalgamating Company vis-à-vis shares of Amalgamated Company.

We have assumed, with the Amalgamating Company's consent, that the Scheme will be in compliance with all applicable laws and other requirements and will be implemented on the terms described in the Draft Scheme, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the Scheme, no extraordinary delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Amalgamating Company or the Amalgamated Company and / or their relevant subsidiaries / affiliates and their respective shareholders. We have assumed at the direction of the Amalgamating Company that the final Scheme will not differ in any material respect from the Draft Scheme. We understand from the Amalgamating Company's management that the Scheme will be given effect to in totality and not in parts.

We express no view or opinion as to any terms or other aspects of the Draft Scheme (other than the Share Exchange Ratio and view on the overall economic interest NCD holders of the Amalgamating Company, from a financial point of view) including, without limitation, the form or structure of the proposed transaction. We were not requested to, and we did not participate in the negotiations for the proposed transaction. Our Opinion is limited to the fairness, from a financial point of view, of the Share Exchange Ratio proposed by the Valuer, to the shareholders of the Amalgamating Company and the

  
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overall economic interest NCD holders of the Amalgamating Company. Our analysis relates to the relative values of the Amalgamating Company and the Amalgamated Company. We express no opinion or view with respect to the financial implications of the proposed amalgamation for any stakeholders, including creditors of the Amalgamating Company and the Amalgamated Company.

We express no view as to, and our Opinion does not address, the underlying business decision of the Amalgamating Company to effect the proposed amalgamation, the relative merits of the proposed amalgamation as compared to any other alternative business strategy, the effect of the proposed amalgamation on the Amalgamating Company or its affiliates, including, without limitation, possible implications on ownership structure, listing format, capital structure or trading price of Amalgamated Company's shares post completion of the proposed amalgamation. The Amalgamating Company remains solely responsible for the commercial assumptions on the basis of which it has agreed to proceed with the proposed amalgamation. Our Opinion is necessarily based only upon information as referred to in this letter. We have relied solely on representations, whether verbal or otherwise, made by the management of the Amalgamating Company and the Amalgamated Company, for areas where the same has been made.

We do not express any Opinion as to any tax or other consequences that might arise from the Scheme on Amalgamating Company, Amalgamated Company, and / or their subsidiaries / affiliates, and their respective shareholders, nor does our Opinion address any legal, tax, regulatory (including all RBI and SEBI regulations/circulars) or accounting matters, as to which we understand that the respective companies have obtained such advice as they deemed necessary from qualified professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, governmental investigation, or other contingent liabilities to which the Amalgamating Company, Amalgamated Company and / or their subsidiaries / affiliates, are / or may be a party.

Our Opinion is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to us, as of the date hereof. It should be understood that subsequent developments may affect this Opinion and we assume no responsibility for updating or revising our Opinion based on circumstances or events occurring after the date hereof. It is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

Our Opinion also does not address any matters otherwise than as expressly stated herein, including but not limited to matters such as corporate governance, shareholders' rights or any other equitable considerations. We have also not opined on the fairness of any terms and conditions of the Draft Scheme other than the fairness, from a financial point of view, of the Share Exchange Ratio and the overall economic interest NCD holders of the Amalgamating Company as proposed by the Valuer, to the shareholders of Amalgamating Company.

While we have provided our recommendation as to the fairness of the Share Exchange Ratio based on the information available to us and the Valuation Report dated June 04, 2024, provided by the Valuer and within the scope and constraints of our engagement, others may have a different opinion as to the Share Exchange Ratio. The final responsibility for the determination of the Share Exchange Ratio for the proposed amalgamation will be with the Board of Directors of the respective companies who should take into account other factors such as their own assessment of the proposed amalgamation.

We may have in the past provided, and may currently or in the future provide, investment banking services to the Amalgamating Company, Amalgamated Company and / or their subsidiaries or their respective affiliates, for which services we have received or may receive customary fees. Our engagement as a fairness opinion provider is independent of our other business relationships, which



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we may have with the Amalgamating Company, Amalgamated Company and / or their subsidiaries or their respective affiliates. In addition, in the ordinary course of their respective businesses, affiliates of Axis Capital Limited may invest in securities of the Amalgamating Company, Amalgamated Company and / or their subsidiaries or group companies, for their own accounts and for the accounts of their customers subject to compliance of SEBI (Prohibition of Insider Trading) Regulations and, accordingly, may at any time hold a position in such securities. We will not be responsible to any other person / party for any decision. Our engagement and the Opinion expressed herein are solely for the benefit of the Board of Directors of the Amalgamating Company (in its capacity as such) in connection with its consideration of the proposed amalgamation and for none other. Delivery of our Opinion does not create any fiduciary, equitable or contractual duties on Axis Capital Limited (including, without limitation, any duty of trust or confidence). It is hereby notified that any reproduction, copying or otherwise quoting of this document or any part thereof except for the purpose mentioned herein can only be done with our prior permission in writing. Further, our Opinion is being provided only for the limited purpose of complying with the SEBI regulations and the requirement of the stock exchanges on which the Company is listed or as required under applicable law, and for no other purpose. Neither Axis Capital Limited, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, make any representation or warranty, express or implied, as to the information and documents provided to us, based on which the Opinion has been issued. All such parties and entities expressly disclaim any and all liability for or based on or relating to any such information contained therein.

The Amalgamating Company has been provided with the opportunity to review the draft Opinion as part of our standard practice to make sure that factual inaccuracy / omissions are avoided in our final Opinion.

The fee for our services is not contingent upon the results of the proposed amalgamation. This document is governed by and construed in accordance with the laws of India. Disputes, if any, regarding this Opinion shall be conducted at Mumbai Centre for International Arbitration, in accordance with Clause 3(b) of the SEBI master circular dated December 28, 2023, bearing reference number SEBI/HO/OIAE/OIAE\_IAD-3/P/CIR/2023/195 ("SEBI ODR Circular") at the option of the parties. The proceedings shall be carried out in English. The arbitral award shall be treated as final and binding on the parties hereto.

Our Opinion is not intended to and does not constitute a recommendation to any party as to how such party should vote or act in connection with the Scheme or any matter related thereto.

Our Opinion is provided solely for the benefit of the Board of Directors of the Amalgamating Company and is for the purpose of submission to the stock exchanges and SEBI under SEBI Circular No. dated May 21, 2024 bearing reference number SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/48 as amended from time to time.

#### **IV. Conclusion**

- The proposed Scheme contemplates the amalgamation of the Amalgamating Company with the Amalgamated Company.
- Pursuant to the Scheme, NCDs of the Amalgamating Company shall be vested in the Amalgamated Company on the same terms & conditions, including the coupon rate, tenure, redemption price and quantum.
- It is understood from the management that TCL will meet the interest and repayment obligations of such NCD holders. Moreover, considering the credit ratings of existing NCDs of TMFL and

  
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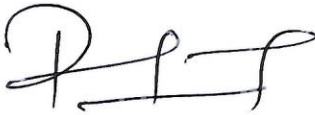
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TCL, the existing market yields having same terms as that of current NCDs of TMFL will not be materially different from that of NCDs of TCL proposed to be held by NCD holders of TMFL.

- Basis the above consideration above, the Valuer is of the view that the overall economic interest of the above mentioned NCD holders will not be adversely affected pursuant to the proposed amalgamation.
- Further, we understand from the Company's management that they are of the view that the credit rating of the Amalgamated Company upon the implementation of the proposed Scheme is expected to be similar or better than the existing credit rating of the Amalgamating Company.
- Based on and subject to the foregoing as well as the above considerations, examination of the Valuation Report, Draft Scheme provided by the Amalgamating Company, such other information / undertakings / representation provided to us by the management of the Company and our independent analysis and evaluation of such information and subject to the scope limitations as mentioned hereinabove and to the best of our knowledge and belief, we are of the opinion that, as of the date hereof, Share Exchange Ratio, as proposed by the Valuer, is fair and reasonable to the equity shareholders of Tata Motors Finance Limited, from a financial point of view.
- Further, the view of the Valuer that the overall economic interest of NCD holders of the Amalgamating Company is not expected to be adversely affected pursuant to proposed amalgamation, is fair and reasonable, from a financial point of view.

Very truly yours,

**For Axis Capital Limited**



**Ravindra D. Goyal**  
Senior Vice President, Axis Capital Limited



**Kushagra Kumar**  
Executive Director, Axis Capital Limited

