04 June 2024

To
The Board of Directors
Tata Motors Finance Limited
I-Think Lodha Techno Campus,
Building A 2nd Floor,
Off Pokharan Road 2,
Thane (West) 400601,
Maharashtra - India

Subject: Recommendation of the Share Exchange Ratio

Dear Sir / Madam,

We refer to our engagement letter dated 03 June 2024 whereby Tata Motors Finance Limited (hereinafter referred to as 'TMFL' or 'Amalgamating Company' or 'you' or 'Client' or the 'Company') has appointed PwC Business Consulting Services LLP (hereinafter referred to as 'PwC BCS'), to recommend a fair share exchange ratio ('Share Exchange Ratio') for the proposed amalgamation of Tata Motors Finance Limited with and into Tata Capital Limited ('TCL' or 'Amalgamated Company') (together referred to as 'Companies'). As consideration for this proposed amalgamation, TCL will issue its equity shares ('Equity Shares') to the shareholder of TMFL.

PwC BCS has been hereinafter referred to as the 'Valuer' or 'we' or 'us' in this Share Exchange Ratio report ('Valuation Report' or 'Report').

BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

Tata Motors Finance Limited is a public limited company, incorporated on 16th June 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, 4th floor, sir H.C. Dinshaw Building 16, Horniman Circle, Fort, Mumbai Maharashtra - 400001. TMFL is a non-banking financial company operating as a non-banking financial company - Investment and Credit Company ('NBFC-ICC'). TMFL is also registered with IRDAI[1] as a corporate agent in terms of the IRDAI (Registration of Corporate Agents) Regulations, 2015. TMFL 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 non-convertible debentures of TMFL are listed on the BSE Limited and the National Stock Exchange of India Limited. Commercial papers of TMFL are listed on the National Stock Exchange of India Limited.

Tata Capital Limited is a public limited company incorporated on 8th March 1991, under the provisions of the 1956 Act, having corporate identification number U65990MH1991PLC060670, and having its registered office at 11th Floor, Tower A, Peninsula Business Park Ganpatrao Kadam Marg, Lower Parel Mumbai, Maharashtra 400013. TCL 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 and financing. TCL is also registered with the IRDAI as a corporate agent in terms of the IRDAI (Registration of Corporate Agents) Regulations, 2015. Certain non-convertible debentures and commercial papers of TCL are listed on the BSE Limited and the National Stock Exchange of India Limited. TCL has also issued unlisted Cumulative Redeemable Preference Shares.

Equity shares of TMFL and TCL are not listed on any recognized stock exchange in India.

We understand from the management of TMFL ('Management') that pursuant to a scheme of arrangement amongst TMFL, TCL and their respective shareholders (the proposed 'Scheme'), under the provisions of Sections 230 to 232 of the Companies Act, 2013, other applicable laws and rules issued thereunder, as may be applicable, TMFL intends to amalgamate with and into TCL ('Amalgamation'). The consideration for the proposed Amalgamation would be discharged by issue of equity shares of TCL to the shareholders to TMFL.

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[1] Insurance Regulatory and Development Authority of India

In connection with the proposed Amalgamation, the Board of Directors of TMFL ('BoD') requires a Registered Valuer report as per Section 232 read with Section 247 of Companies Act, 2013 and has appointed PwC BCS to provide:

i) A Registered Valuer report recommending a fair share exchange ratio ('Share Exchange Ratio') for the proposed Amalgamation of TMFL with and into TCL; basis fair valuation of TMFL and TCL on a relative basis, for the consideration of the Board of Directors of TMFL under the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, and other relevant laws, rules and regulations and;

ii) To comment on the impact of the proposed Scheme on the non-convertible debenture holders (both listed and unlisted), ('NCD holders') of TMFL.

Our scope of services will involve a presentation of our deliverable to the Board of Directors of TMFL.

Valuation of TMFL and TCL have together been referred to as 'Valuation'. We have undertaken Valuation as of 31 May 2024 for the proposed Amalgamation.

It is clarified that any reference to this Report in any document and/ or filing with any tribunal/ judicial/ regulatory authorities/ government authorities/ stock exchanges/ courts/ shareholders/ professional advisors/ merchant bankers, in connection with the proposed Amalgamation, shall not be deemed to be an acceptance by the Valuer of any responsibility or liability to any person/ party other than the Board of Directors of the Client.

We understand that the appointed date for the proposed Amalgamation as per the draft scheme is 1 April 2024.

The Report will be used by the Client only for the purpose, as indicated in this Report, for which we have been appointed. The results of our analysis and our Report cannot be used or relied by the Client for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person/ party for any decision of such person/ party based on this Report.

The scope of our services is to conduct a fair valuation of TMCL and TCL on a relative basis, to recommend the Share Exchange Ratio for the proposed Amalgamation in accordance with generally accepted professional standards and to comment on the impact of the proposed Scheme on the NCD holders of TMFL.

This Report is our deliverable for the above engagement. This Report is subject to the scope, assumptions, 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

In connection with this exercise, we have used the following information received from the management(s) of TMFL and that gathered from the public domain:

- considered the draft scheme of arrangement ('Scheme');
- considered the audited financial statements of TMFL for 3 years ended 31 March 2024, as made available;
- considered the audited consolidated financial statements of TCL for 3 years ended 31 March 2024, as made available;
- considered the projected financial statements from 01 April 2024 to 31 March 2027 of the Companies including key underlying assumptions (referred to as 'Financial Projections') which the managements of respective Companies believe to be their best estimates of the future operating performance;
- discussions with the managements of respective Companies to understand their business operations, their perception of historical and expected future performance, macro-economic parameters and key value drivers;
- discussions and correspondence with the Management to obtain requisite explanation and clarification of data provided on which we have relied;
- Analysis of general market data, including economic and industry information that may affect the value;
- considered information available in the public domain in respect of the comparable companies / transactions, as appropriate, if available;
- considered the International Valuation standards (effective January 31, 2022) published by the International Valuation Standards Council;
- other information and documents that we considered necessary for the purpose of this engagement.

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During the discussions with the Management, we have also obtained explanations and information considered reasonably necessary for our exercise. The Client has been provided with the opportunity to review the draft report as part of our standard practice to make sure that factual accuracies/ omissions 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 of the Companies from the Management;
- Considered data available in public domain related to the Companies and their peers;
- Discussions with the Management to understand the business, key value drivers, historical financial performance and projected financial performance of the respective companies;
- Researched publicly available market data including economic factors and industry trends that may impact the valuation;
- Carried out analysis of valuation multiples of comparable companies/ comparable transactions using information available in public domain (to the extent available and relevant) and/ or proprietary databases subscribed by us or our network firms;
- Selection of well accepted valuation methodology/(ies) as considered appropriate by us; and
- arriving at the fair values of TMFL and TCL on a relative basis in order to recommend the Share Exchange Ratio for the proposed Amalgamation.

We have been informed by TMFL that TCL has also appointed an independent valuer ('Second Valuer') for the proposed Amalgamation. PwC BCS and the Second Valuer (jointly referred as 'Valuers') have been appointed severally and not jointly and have worked independently in their analysis. Further, upon conclusion of work and prior to issue of the Report, we have discussed our methodology, approach and findings with the Second Valuer and have arrived at a consensus on the Share Exchange Ratio, after making appropriate minor adjustments/ rounding off.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

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 PwC network firms.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) Valuation Date and (iii) and are based on the audited balance sheets of the Companies as at 31 March 2024 and other information provided by the Management. The Management has represented that the business activities of TMFL and TCL have been carried out in the normal and ordinary course between 31 March 2024 and the date hereof and that no material adverse change has occurred in their respective operations and financial position between 31 March 2024 and the Report date.

An analysis of this nature is necessarily based on the prevailing stock market, financial, economic, industry and other conditions in general and the information made available to us as of, date hereof. 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.

In terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by/ on behalf of the Client (or its representatives). In accordance with 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 provided to us. We have not independently investigated or otherwise verified the data provided by/ on behalf of the Client (or its representatives). 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 and projections. The assignment did not require us to conduct any 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. 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.

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Also, with respect to explanations and information sought from/ on behalf of the Client (or its representatives), we have been given to understand by the Client 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 conclusions are based on the assumptions and information given by/ on behalf of the Client (or its representatives). The Management has indicated to us that it has understood that any material omissions, inaccuracies, or misstatements may materially affect our valuation analysis/ results. Accordingly, we assume no responsibility for any errors in the information furnished by/ on behalf of the Client (or its representatives) and their impact on the Report. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the Report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose. Also, we assume no responsibility for technical information (if any) furnished by/ on behalf of the Client (or its representatives).

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all their 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 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 sheet of the Companies. Our conclusion of value assumes that the assets and liabilities of the Companies reflected in their respective latest balance sheets remain intact as of the Report date.

No investigation of the Companies' claims to title of assets has been made for the purpose of this Report 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.

We must emphasize that the Financial Projections have been prepared by the managements of the respective Companies and provided to us for the purpose of our analysis. The fact that we have considered the Financial Projections in this exercise should not be construed or taken as our being associated with or a party to such projections. Realizations of free cash flow forecast used in the analysis will be dependent on the continuing validity of assumptions on which they are based. Our analysis, therefore, will not, and cannot be directed to provide any assurance about the achievability of the projected financial information. Since the Financial Projections relate to future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences may be material. We express no opinion as to how closely the actual results will correspond to those projected/ forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of the Management.

We have not conducted or provided an analysis or prepared a model for any individual assets/ liabilities and have wholly relied on the information provided by/ on behalf of the Client (or its representatives) in this regard.

This Report does not look into the business/ commercial reasons behind the proposed Amalgamation nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Amalgamation as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. We have not examined or advised on accounting, legal or tax matters involved in the proposed Amalgamation.

We owe responsibility to only the Boards of Directors of the Client that has appointed us under the terms of our engagement letter and nobody else. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions of or advice given by any other party to the Client. 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 Client, its directors, employees, or agents. In no circumstances shall the liability of the Valuer, its partners, its directors, or employees, relating to the services provided in connection with the engagement set out in this Report shall exceed the amount paid to such Valuer in respect of the fees charged by it for these services.

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, without our prior written consent other than in connection with the proposed Amalgamation. In addition, we express no opinion or recommendation as to how the shareholders/ creditors of either Companies should vote at any shareholders'/ creditors' meeting(s) to be held in connection with the Amalgamation. Our Report and the opinion/ valuation analysis contained herein is not and 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.

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 the Client) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to us.

We are independent of the Client and have no current or expected interest in the Client or its assets. The fee for the engagement is not contingent upon the results reported.

This valuation Report is subject to the laws of India.

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

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SHARE CAPITAL DETAILS OF THE COMPANIES

Tata Motors Finance Limited

The issued and subscribed equity share capital of Tata Motors Finance Limited as at 31 May 2024 is INR 49,693.92 million consisting of 496,939,176 equity shares of face value of INR 100/- each. The equity shareholding pattern of TMFL is as follows:

Equity shareholding pattern as on 31 May 2024		
Shareholders	**No of Shares**	**% Share Holding**
TMF Holdings Limited	496,939,176	100.0%
Total	**496,939,176**	**100.0%**

Source: Management

Tata Capital Limited

The issued and subscribed share capital of Tata Capital Limited as at 31 May 2024 is as follows:

Equity shareholding pattern as at 31 May 2024 (Face Value: Rs 10)		
Shareholders	**No of Shares**	**% Share Holding**
Tata Sons Private Limited	3,477,715,784	92.8%
Tata Group Companies	91,984,866	2.5%
International Finance Corporation	71,648,559	1.9%
Trustees of TCL Employee Welfare Trust	43,352,729	1.2%
Bodies Corporate	27,553,438	0.7%
Individuals and Others (HUF+Trust)	34,151,772	0.9%
Total	**3,746,407,148**	**100.0%**

Source: Management

Preference shareholding pattern as at 31 May 2024 (Face Value: Rs 1,000)		
Shareholders	**No of Shares**	**% Share Holding**
Bodies Corporate	4,272,054	53.7%
Individuals	3,431,651	43.1%
Trust	2,500	0.1%
Others	247,645	3.1%
Total	**7,953,850**	**100.0%**

Source: Management

Our Report and recommendation of the Share Exchange Ratio considers and is premised on the above shareholding pattern of TMFL and TCL.

APPROACH & METHODOLOGY – BASIS OF AMALGAMATION

The proposed scheme of arrangement ('Scheme') under the provisions of Section 230 to 232 of the Companies Act, 2013 contemplates amalgamation of TMFL with and into TCL.

Arriving at the Share Exchange Ratio for the above proposed Amalgamation, would require determining the fair valuation of equity of TMCL and equity of TCL on a relative basis, based on different valuation approaches explained here below and various qualitative factors relevant to each company, business dynamics and growth potentials of the businesses of TMCL and TCL, information base and key underlying assumptions and limitations.

There are several commonly used and accepted valuation approaches for determining the value of equity shares of a company/ business, which have been considered in the present case, to the extent relevant and applicable:

1. Asset Approach – Net Asset Value (NAV) Method
2. Income Approach

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- Discounted Cash Flow (DCF) Method

3. Market Approach
    - Market Price Method
    - Comparable Companies' Multiples (CCM) Method
    - Comparable Companies' Transaction Multiples ('CTM') Method

Asset Approach – Net Asset Value method

The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book-value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in cases where the firm is to be liquidated i.e., it does not meet the 'going concern' criteria or in case where the assets base dominates earnings capability. A scheme of amalgamation would normally be proceeded with, on the assumption that the companies/ business would continue as going concerns and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the earning power is of importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance.

Income Approach (Discounted Cash Flows (DCF) Method)

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:
Free cash flows are the cash flows expected to be generated by the company/ business that are available to all providers of the companies'/ business' capital – both creditors and shareholders.

Appropriate discount rate to be applied to cash flows i.e., the cost of capital:
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/ business. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

Market Approach:

Under this approach, value of a company is assessed basis its market price (i.e., if its shares are quoted on a stock exchange) or basis multiples derived using comparable (i.e., similar) listed companies or transactions in similar companies.

Following are the methods under Market Approach:

- **Market Price (MP) Method**
  The market price of a share as quoted on a 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 freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper indicator of the fair value of the share especially where the market values are fluctuating in a volatile capital market or when the shares are thinly traded. Further, in the case of 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.

- **Comparable Companies' Multiple (CCM) method**
  Under this method, value of a business/ company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. The market price, as a ratio of the comparable company's attribute such as sales, capital employed, earnings, etc. is used to derive an appropriate multiple. This multiple is then applied to the attribute of the asset being valued to indicate the value of the subject asset. This valuation is based on the principle that 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.

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- **Comparable Companies' Transaction Multiples (CTM) Method**
  Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable transactions. This valuation is based on the principle that transactions 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.

It should be understood that the valuation of any company or its assets or its shares 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, numerous assumptions were made 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 the above 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 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 based on our previous experience of assignments of a similar nature.

Out of the above methods, we have used approaches/ methods, as considered appropriate. 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 SHARE EXCHANGE RATIO

In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuer and judgment taking into account all the relevant factors. There will always be several factors, e.g., 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 a fair share 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 judgement. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single share exchange ratio. The Share Exchange Ratio rendered in this Report only represents our recommendation(s) based upon information till the date of this Report, furnished by the Management (or its representatives) and other sources, others may place a different value. The final responsibility for the determination of the Share Exchange Ratio at which the proposed Amalgamation shall take place will be with the Board of Directors of the Client who should consider other factors such as their own assessment of the proposed Amalgamation and inputs of other advisors.

The Share Exchange Ratio has been arrived at on the basis of a fair value estimates of equity shares of TMFL and TCL on a relative basis, based on the various methodologies explained herein earlier and other factors considered relevant, having regard to information base, key underlying assumptions, and limitations. Though different values have been arrived at under each of the above methodologies, it is finally necessary to arrive at a single value for the proposed Amalgamation. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

In the current analysis, the amalgamation of TMFL with TCL is proceeded with on the assumption that TMFL would amalgamate as going concern and actual realization of its 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 the values of the equity shares of TMFL and TCL under the Asset Approach, we have considered it appropriate not to give any weightage to the same in arriving at the Share Exchange Ratio.

Given the nature of the businesses of TMFL and TCL, and the fact that we have been provided with projected financials for TCL (on a consolidated basis) and TMFL, we have considered it appropriate to apply the DCF Method under the Income Approach to arrive at the fair value of the equity shares of TMFL and TCL for the purpose of arriving at the Share Exchange Ratio.

Within the DCF Method, equity value per share for TMFL and TCL has been computed as follows:

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- Equity value for TMFL and TCL has been computed using the DCF Method;
- To arrive at the total value available to the equity shareholders for TMFL, equity value computed above is adjusted, as appropriate, for present value of tax benefits;
- The total value of equity is then divided by total issued and paid-up equity shares of TMFL and TCL respectively as at 31 May 2024, to arrive at the value per equity share.

TMFL and TCL are not listed and, therefore, MP Method is not applicable.

For our analysis under Market Approach, we have considered the Comparable Companies' Multiple (CCM) Method to arrive at the fair value of the equity shares of both the Companies. Considering the stage of operations of the Companies, industry within which it operates and their historical and current profitability status, we have considered P/B multiple of various listed comparable companies. We have relied on publicly available information and certain databases such as CapIQ, etc. to arrive at the comparable company multiple.

Comparable Companies' Transaction Multiple (CTM) method has not been used due to lack of information in the public domain on comparable transactions of similar scale. Further, the transaction multiples may include acquirer specific considerations, synergy benefits, control premium and minority adjustments.

For our final analysis and recommendation, we have considered the values arrived under the Income Approach and Market Approach to arrive at the fair value estimates of equity shares of TMFL and TCL for the purpose of the proposed Amalgamation.

We have considered appropriate weights to the values arrived at under the various valuation approaches/ methodologies.

Approach	**Tata Capital Limited (A)**		**Tata Motors Finance Limited (B)**	
	Value per Share (INR)	**Weight**	**Value per Share (INR)**	**Weight**
Asset Approach-Net Asset Value Method	62.5	0.0%	95.9	0.0%
Income Approach - Discounted Cashflow Method	243.4	50.0%	98.1	50.0%
Market Approach - Comparable Companies Method				
Price/Book Value multiple	253.9	50.0%	86.9	50.0%
Relative Value per Share	**248.6**	**100.0%**	**92.5**	**100.0%**
Share Exchange Ratio 1 (A:B)	**0.37:1**			

37 (Thirty seven) equity shares of Tata Capital Limited (of INR 10/- each fully paid up) for every 100 (One hundred) equity shares of Tata Motors Finance Limited (of INR 100/- each fully paid up).

Impact of the proposed Scheme on the NCD holders of TMFL

The Non-Convertible Debentures ('NCDs') of TMFL are listed on the National Stock Exchange of India and the BSE, India. TMFL also has unlisted NCDs. As proposed in the Scheme, with effect from the appointed date, all debt securities (both listed and unlisted NCDs), of TMFL (which are outstanding as on the Effective Date) shall become the debt securities of TCL on the same terms and conditions (including coupon rate, tenure, redemption price and quantum) as applicable to TMFL and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in or be deemed to have been transferred to and vested in TCL, as if it were the issuers of these debt securities.

Basis Financial Projections of TCL, we understand that TCL will meet the interest and repayment obligations of such NCD holders. Hence, in our view, the overall economic interest of the above mentioned NCD holders will not be adversely affected pursuant to the proposed Amalgamation.

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Further, it is understood from the Management that considering the credit ratings of existing NCDs of TMFL and 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.

Hence, the overall economic interest of NCD holders of TMFL is protected and would not be adversely affected pursuant to proposed Amalgamation.

Submitted for approval.

Neeraj

Neeraj Garg
Partner
PwC Business Consulting Services LLP
IBBI Membership No.: IBBI/RV/02/2021/14036
Date: 04 June 2024
Place: Mumbai
RVN – IOVRVF/PWC/2024-2025/3545