



Report of the Audit Committee of Tata Motors Limited (the "Company")

(Pursuant to the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirement) Regulations, 2015 and SEBI circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 as amended from time to time)

The Audit Committee of the Board of Directors of Tata Motors Limited ("TML" or "the Company" or "the Transferor Company") was requested to consider and recommend to the Board of Directors of the Company, sale of Company's Defense Undertaking to Tata Advanced Systems Limited ("TASL" or "the Transferee Company"), a wholly-owned subsidiary of Tata Sons Limited (Company's Promoter), by way of a Scheme of Arrangement to be entered into between the Company, TASL and their respective members and/or creditors, as the case may be, pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 and the rules made thereunder ("Scheme").

The following documents were circulated to the Committee for review and consideration:

- Draft Scheme
- Valuation Report dated February 13, 2018 issued by M/s. Vora and Associates, Independent Chartered Accountants ("Valuation Report").
- Fairness Opinion dated February 19, 2018 issued by M/s. Kotak Mahindra Capital Company Ltd., a Category I Merchant Banker ("Fairness Opinion").

The salient features of the Scheme were presented to the Committee as under:

- The Scheme provided for transfer of the Company's Defense Undertaking (as defined in the Scheme) to TASL at an upfront consideration of not less than ₹ 100 Crores (to be adjusted for capex incurred and changes in working capital) plus a deferred consideration of 3% on future revenue share from identified set of projects for a period of 15 years from April 1, 2019, which deferred consideration be capped at ₹ 1750 Crores.
- The remaining business of the Company and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Company.
- The transfer of the Defense Undertaking to TASL was subject to the requisite approvals/observations/no-objection from the shareholders and the creditors of the Company, Securities and Exchange Board of India ("SEBI"), the BSE Limited ("BSE"), the National Stock Exchange of India Limited ("NSE"), the Competition Commission of India ("CCI"), National Company Law Tribunal ("NCLT") or such other competent authorities ('the authorities'), as may be applicable.

In light of the foregoing and taking into consideration, inter alia, the Valuation Report and the Fairness Opinion, the Audit Committee recommended the draft Scheme to the Board of Directors of the Company for their consideration and approval.

Date: May 03, 2018
Place: Mumbai




Chairman
Audit Committee

TATA MOTORS LIMITED

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