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Dated: 31 July 2020

To

The Audit Committee / Board of Directors
Tata Motors Limited
Bombay House, 24,
Homi Mody Street,
Fort, Mumbai- 400001

The Audit Committee / Board of Directors
TML Business Analytics Services Limited
Floor 3, 4, Plot-18,
Nanavati Mahalaya,
Mudhana Shetty Marg, BSE, Fort,
Mumbai - 4000001

Sub: Recommendation of consideration (discharged in the form of equity shares) for the proposed transfer of Passenger Vehicles Undertaking of Tata Motors Limited into TML Business Analytics Services Limited

Dear Sir / Madam,

We refer to our engagement letter whereby S R B C & CO LLP (hereinafter referred to as "SRBC" or "we" or "us" or "Valuer") has been appointed by Tata Motors Limited (hereinafter referred to as "TML") and TML Business Analytics Services Limited (hereinafter referred as "TBASL") for recommendation of consideration (discharged in the form of equity shares) for the proposed transfer of the Passenger Vehicles Undertaking of TML (hereinafter referred to as "PV Undertaking" or "Valuation Subject"), as a going concern on a slump sale basis into TBASL, an indirect subsidiary of TML, under a scheme of arrangement under the provisions of Sections 230-232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 ("Proposed Transaction").

TML and TBASL shall hereinafter be collectively referred to as "Companies" or "Clients".

The consideration for this report refers to number of equity shares of face value of INR 10/- each of TBASL, which would be issued to TML, pursuant to the Proposed Transaction.

Our deliverable for this engagement would be a consideration report ("Report")

SCOPE AND PURPOSE OF THIS REPORT

TML was incorporated on 1 September 1945 and has its registered office at Bombay House, 24 Homi Mody Street, Fort, Mumbai - 400001. The Company primarily operates in the automotive segment and offers a broad portfolio of automotive products including commercial vehicles and passenger vehicles, including electric vehicles. TML's automotive operations include all activities relating to the development, design, manufacture, assembly and sale of vehicles including financing thereof, as well as sale of related parts and accessories both in India and globally. Through its subsidiary Jaguar Land Rover Automotive Plc, TML is also engaged in the premium car market globally. For the year ended 31 March 2020, TML reported consolidated net revenues of INR 2,61,068.0 crores and loss before exceptional items and tax of INR 7,708.5 crores.

The PV Undertaking is currently housed in TML and is presently engaged in the design, development, manufacturing and selling of passenger vehicles, as well as sale of related parts and accessories, primarily in India and exports to select international markets. It offers its products under the brand names Tigor (including Tigor EV), Tiago, Nexon (including Nexon EV), Altroz and Harrier. PV Undertaking's manufacturing facilities are located in Pune, Maharashtra and Sanand, Gujarat while the design and development activities are undertaken in India and through its wholly owned overseas subsidiaries.

TBASL was incorporated on 4 April 2020 and having its registered office at Floor 3, 4, Plot-18, Nanavati Mahalaya, Mudhana Shetty Marg, BSE, Fort, Mumbai - 4000001. Presently no business is being carried out by TBASL.

We understand that the management of TML (hereinafter referred to as "the Management") is contemplating a restructuring involving transfer of PV Undertaking as a going concern on a slump sale basis into TBASL and reduction of the securities premium account of TML with a corresponding adjustment to accumulated losses, under a Scheme of Arrangement under the provisions of Sections 230-232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013. This restructuring involving hiving off the PV Undertaking into a separate legal entity is expected to bring differentiated focus for the PV Undertaking as well as help secure mutually beneficial strategic alliances in the future.

The consideration for this Proposed Transaction would be discharged through issue of equity shares of TBASL to TML in lieu of the transfer of the PV Undertaking. There will be no change in shareholding of TML as a result of the Proposed Transaction.

For the aforesaid purpose, the Board of Directors of TML and TBASL have appointed SRBC to recommend the consideration to be discharged through the issue of TBASL's equity shares to TML for transfer of the PV Undertaking, to be placed before the Audit Committee/Board of Directors of TML and TBASL.

We understand that the appointed date for the Proposed Transaction as per the draft scheme of arrangement shall be the same as the effective date of the scheme of arrangement.

The scope of our services is to conduct a fair valuation of the PV Undertaking and report on the consideration for the Proposed Transaction together with the number of equity shares to be issued by TBASL to TML, in accordance with internationally accepted valuation standards / ICAI Valuation Standards 2018 issued by Institute of Chartered Accountants of India.

We have been provided with the carved-out financials of PV Undertaking from the audited financials of TML for the quarter ended 30 June 2020 and carved-out financials of the PV Undertaking from the audited financials of TML for earlier periods. Further, we have been provided with the business plan of the Valuation Subject. We have taken into consideration the current market parameters in our analysis and have made adjustments for additional facts made known to us till the date of our Report. Further, we have been informed that all material information impacting the Valuation Subject till the date of our Report has been disclosed to us.

We have been informed by the Management that till the Proposed Transaction becomes effective:

(a) There would not be any material commencement of any business activities or transactions in TBASL before the effective date of the Proposed transaction, other than those needed to give effect to the Proposed Transaction

(b) We have been informed that the business activities of the Valuation Subject has been carried out in the normal and ordinary course between 30 June 2020 and the Report date

We have relied on the above while arriving at the consideration for the Proposed Transaction.

This Report is our deliverable for the above engagement. We understand that this Report may be produced/ disclosed before judicial, regulatory, government authorities and the stock exchanges for the purpose of the Proposed Transaction.

This Report is subject to the scope, assumptions, qualifications, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality and not in parts.

SOURCES OF INFORMATION

In connection with this exercise, we have received/obtained the following information:

1. Draft Scheme of Arrangement
2. For PV Undertaking of Tata Motors Limited
   - Financial statements of the PV Undertaking of TML carved-out from audited financial statements of TML for the years ended 31 March 2018 to 31 March 2020
   - Unaudited profit and loss statement of the PV Undertaking of TML carved-out from audited financial statements of TML for the quarter ended 30 June 2020
   - Unaudited balance sheet statement of the PV Undertaking of TML carved-out from audited financial statements of TML as at 30 June 2020 prepared by the Management on best effort basis for deriving historical Net Asset Value
   - Business plan of PV Undertaking
   - Other relevant information

3. For TML Business Analytics Services Limited
   - Balance sheet as at 30 June 2020
   - Other relevant information

During the discussions with the management of TML, we have also obtained explanations and information considered reasonably necessary for our exercise. The Clients have been provided with the opportunity to review the draft report as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our 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
- Used data available in public domain
- Discussions (over phone calls / web-based tools) with the Management to:
  - o Understand the business and fundamental factors that affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance.
- Undertook Industry Analysis:
  - o Research publicly available market data including economic factors and industry trends that may impact the valuation
  - o Analysis of key trends and valuation multiples of comparable companies/comparable transactions using Proprietary databases subscribed by us or our network firms
- Selection of internationally accepted valuation methodology(ies) / ICAI Valuation Standards 2018 issued by Institute of Chartered Accountants of India.
- Undertook discussion with registered valuer appointed by the Companies and aligned results to the extent relevant/possible including rounding off adjustments

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 our affiliates.

The recommendation contained herein is not intended to represent value at any time other than Report Date. We have no obligation to update this Report.

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) the Report Date; (iii) are based on the carved-out financials of PV Undertaking from the unaudited / audited financials of TML for quarter ended 30 June 2020 and earlier periods; and (iv) business plan of Valuation Subject. We have been informed that the business activities of the Valuation Subject has been carried out in the normal and ordinary course between 30 June 2020 and the Report date.

The valuation date is 27 July 2020. As of the valuation date, the COVID-19 ("Virus") crisis was still unfolding and the full impact of the Virus was not capable of being quantitatively or qualitatively assessed at this time. To the limited extent possible and based on the limited information available to date, we have tried to factor the impact in the valuations, mostly by considering post-COVID-19 forecasts provided by the Management. However, the potential for unknown ramifications on consumers, supply chains, commercial counterparties (both direct and indirect to the operations of PV Undertaking), future decisions that the Management may make as a result of the evolving Virus situation and potentially adverse geopolitical outcomes, means that the financial forecasts may be materially impacted by the Virus, over and above or in a different way than the impact considered. Thus, the impact considered in the Report should not be interpreted as a complete commentary or as an accurate assessment of the full impact of the Virus.

A valuation of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on and the information made available to us as of, the 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.

The recommendation rendered in this Report only represent our recommendation based upon information furnished by the Companies and gathered from public domain (and analysis thereon) and the said recommendation shall be considered to be in the nature of non-binding advice. Our recommendation should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.

The determination of the consideration 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. 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 is, therefore, no indisputable single consideration recommendation. While we have provided our recommendation of the consideration based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the / consideration for the value attributable to the PV Undertaking. The final responsibility for the determination of the consideration at which the Proposed Transaction shall take place will be with the Board of Directors of the Companies who should take into account other factors such as their own assessment of the Proposed Transaction and input of other advisors.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data as detailed in the section - Sources of Information.

We have not independently audited or otherwise verified the financial information provided to us. 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 financial statements. Also, with respect to explanations and information sought from the Clients, we have been given to understand by the Management that they have not omitted any relevant and material factors about the Valuation Subject 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 conclusion is based on the information given by/on behalf of the Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations, and that the Companies will be managed in a competent and responsible manner. Further, 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 disclosed in the audited/unaudited balance sheet of the Companies.

The financial forecasts used in the preparation of the Report reflects judgment of management of TML, based on present circumstances prevailing around the report date, as to the most likely set of conditions and the course of action it is most likely to take. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period will almost always may differ from the forecasts and such differences may be material.

The Report does not address the relative merits of the Proposed Transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

The fee for the engagement is not contingent upon the results reported.

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 to the Companies. 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 Companies, their directors, employees or agents.

It is understood that this analysis does not represent a fairness opinion. This report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

This Report is subject to the laws of India.

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, other than in connection with the proposed Scheme of Arrangement, without our prior written consent. In addition, this report does not in any manner address the prices at which equity shares of the TML will trade following announcement of the Proposed Transaction and we express no opinion or recommendation as to how the shareholders of either company should vote at any shareholders' meeting(s) to be held in connection with the Proposed Transaction.

SHAREHOLDING PATTERN

Tata Motors Limited

The issued and subscribed equity share capital of TML as at 30 June 2020 is INR 679.2 crores consisting of 3,088,973,894 Ordinary equity shares of face value of INR 2 each and 508,502,896 'A' Ordinary equity shares of face value of INR 2 each. The shareholding pattern as on 30 June 2020 is as follows:

Shareholding Pattern (Ordinary shares)	No of Shares	% Shareholding
Promoter & Group	1,309,551,138	42.4%
Public - Institutions	895,832,775	29.0%
Public – Non-Institutions	883,589,981	28.6%
Grand Total	**3,088,973,894**	**100.0%**

Source: BSE

Shareholding Pattern ('A' Ordinary shares)	No of Shares	% Shareholding
Promoter & Group	27,214,068	5.4%
Public - Institutions	331,127,450	65.1%
Public – Non-Institutions	150,161,378	29.5%
Grand Total	**508,502,896**	**100.0%**

Source: BSE

TML Business Analytics Services Limited

The issued and subscribed equity share capital of TBASL as at 30 June 2020 is INR 15,00,000 consisting of 1,50,000 equity shares of face value of INR 10 each. TBASL is a wholly owned subsidiary of TML Business Services Limited ("TBSL"). TML, directly and indirectly, holds 100% equity interest in TBSL and TBASL.

APPROACH - BASIS OF VALUATION

The Proposed Scheme of Arrangement contemplates the slump sale by transfer of PV Undertaking into TBASL. Arriving at the consideration for the Proposed Transaction would require determining the value of the PV Undertaking.

There are several commonly used and accepted methods under the market, income and asset approaches for determining the consideration for the Proposed Transaction, which have been considered in the present case, to the extent relevant and applicable, and subject to availability of information, including:

1. Market Price method
2. Comparable Companies' Multiples method
3. Discounted Cash Flow Market Price method
4. Net Asset Value method

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions 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 Valuations Subject, and other factors.

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.

Net Asset Value ("NAV") 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. The Net Asset Value ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominate earnings capability. A scheme of arrangement would normally be proceeded with, on the assumption that the companies amalgamate/businesses get transferred as going concerns and an actual realization of the operating assets is not contemplated. In a going concern scenario, the relative earning power, as reflected under the Income and Market approaches, is of greater importance, with the values arrived at on the net asset basis being of limited relevance. Therefore, we have not used the NAV Method for valuation.

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 ("WACC"). 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 that are available to the providers of the company's capital - both debt and equity.

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

We have used DCF method considering business plan of PV Undertaking provided to us for valuation.

Comparable Companies' Multiples ("CCM") method

Under this method, value of equity shares of a company is arrived at by using multiples derived from valuations of comparable companies, as manifested through stock market valuations of listed companies. 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.

We have considered Enterprise value to Revenue multiple of the comparable listed Indian and appropriate international companies for the purpose of our valuation.

Market Price Method

The market price of an equity 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 index of the fair value of the share especially where the market values are fluctuating in a volatile capital market.

Market price method have not been used to value PV Undertaking as it is only one of the many businesses of TML.

MAJOR FACTORS THAT WERE TAKEN INTO ACCOUNT DURING THE VALUATION

- Key operating / financial parameters of Valuation Subject
- Business plan of Valuation Subject
- Transfer is to an indirect subsidiary of TML which is fully controlled by TML, and there is no change in final economic ownership

BASIS OF CONSIDERATION

The basis of the slump sale of PV Undertaking into TBASL would have to be determined after taking into consideration all the factors and methods mentioned hereinabove. Though different values have been arrived at under each of the above methods, for the purposes of recommending the consideration to be discharged through issuance of equity shares, it is necessary to arrive at a final value for the Valuation Subject. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches / methods.

The Scheme of Arrangement includes capital reduction involving writing down the securities premium account of TML in part with a corresponding adjustment to the accumulated losses. There will be no cash outflow or financial impact due to this. Accordingly, the capital reduction does not impact the value of the PV Undertaking.

The consideration has been arrived at on the basis of a fair valuation of the Valuation Subject based on the various approaches / methods explained herein earlier and various qualitative factors, business dynamics and growth potentials of the business of the Valuation Subject, having regard to information base, key underlying assumptions and limitations.

The computation of consideration for slump sale of PV Undertaking into TBASL is tabulated below:

Valuation Approach	PV Undertaking		TBASL	
	Value (INR crores)	Weight	Value (INR / share)	Weight
Asset Approach - Net asset value method	8,590	0%	NA	
Income Approach - Discounted Cashflows Method	8,828	50%	NA	
Market approach - Comparable Companies' Multiples Method	10,006	50%	NA	
Value	**9,417**		**10.0 per share**	

TBASL is a recently incorporated entity with no business operations. Hence, none of the valuation approaches mentioned above are relevant and the fair value per share would be the par value, i.e. INR 10 per share.

Further, since this is not a case of merger/demerger, consideration is being paid to TML and not to shareholders of TML. Hence there is no share entitlement ratio being computed.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following consideration for the Proposed Transaction:

INR 9,417 crores for PV Undertaking, to be settled by issuance of 941.7 cr equity shares of TBASL of INR 10/- each fully paid up.

Respectfully submitted,
S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/ E300003

RAVI KAILASH BANSAL

Digitally signed by RAVI KAILASH BANSAL
DN: cn=RAVI KAILASH BANSAL, c=IN, o=Personal, email=ravi.bansal@srb.in
Date: 2020.07.31 16:39:30 +05'30'

per Ravi Bansal
Partner
Membership No: 049365

UDIN: 20049365AAAABX2805
Place: Mumbai
Date: 31 July 2020