



Date: 1 August 2024

To
**Board of Directors,
Tata Motors Limited**
Bombay House
24 Homi Mody Street
Mumbai – 400001

To
**Board of Directors,
TML Commercial Vehicles Limited**
Bombay House
24 Homi Modi Street
Stock Exchange
Mumbai
Maharashtra, India 400001

Subject: Opinion on share entitlement ratio for the proposed demerger of Tata Motors Limited's Commercial Vehicle Business from Tata Motors Limited into TML Commercial Vehicles Limited.

Dear Sir/ Madam,

We refer to our engagement letter dated 31 July 2024 whereby Tata Motors Limited and TML Commercial Vehicles Limited (together referred to as 'Clients' or 'Companies') have appointed PwC Business Consulting Services LLP (hereinafter referred to as 'PwC BCS'), to express an opinion on the share entitlement ratio as proposed in the draft scheme of Tata Motors Limited, for the proposed demerger of Commercial Vehicle Business from Tata Motors Limited ('TML' or 'Demerged Company') into TML Commercial Vehicles Limited ('TMLCV' or 'Resulting Company'), (hereinafter referred to as 'Transaction' or 'Demerger') pursuant to a scheme of arrangement ('Draft Scheme').

PwC BCS has been hereinafter referred to as the 'Valuer' or 'we' or 'us' in this share entitlement ratio report ('Report' or 'Valuation Report').

BACKGROUND OF COMPANIES

TML is a public limited company incorporated under the laws of India bearing corporate identification number L28920MH1945PLC004520 and having its registered office at Bombay House, 24, Homi Mody Street, Mumbai 400001. TML is engaged inter-alia in the business of design, development, manufacturing and sale of a wide range of commercial, passenger and electric vehicles and parts thereof within India and abroad. Its 'A' Ordinary Shares and Ordinary Shares are listed on the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE', formerly known as Bombay Stock Exchange).

TML Commercial Vehicles Limited is a recently incorporated public limited company. The Resulting Company is a wholly owned subsidiary of TML and has been incorporated to carry on Commercial Vehicle Business to be demerged from TML.

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LLPIN : AAO-9288 Registered with limited liability.

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SCOPE AND PURPOSE OF THIS REPORT

We understand that pursuant to the proposed Draft Scheme, the Management is contemplating to demerge the Commercial Vehicle Business ('Demerged Undertaking') from TML into TMLCV, under the provisions of Section 230 to 232 of the Companies Act, 2013, other applicable laws and rules issued thereunder, as may be applicable.

As per the Draft Scheme, we understand that the appointed Date for the proposed Demerger is 1st July 2025.

In accordance with the provisions of the Draft Scheme, we understand that as part of the Demerger, all assets and liabilities identified as pertaining to the Demerged Undertaking shall be transferred to the Resulting Company at values as appearing in the books of Demerged Company. In consideration of the transfer and vesting of the Demerged Undertaking from the Demerged Company to the Resulting Company in terms of the Draft Scheme, each shareholder of the Demerged Company shall be issued and allotted 1 (One) share in the Resulting Company credited as fully paid-up, of the same class of shares outstanding as held by such shareholder in the Demerged Company ('Share Entitlement Ratio').

We further understand that upon Demerger, the Resulting Company shall issue shares to the shareholders of the Demerged Company such that shareholding of the Resulting Company will mirror the shareholding of the Demerged Company, and the economic interest of the shareholders of the Demerged Company pre demerger shall remain the same post demerger. All shares of the Resulting Company will be listed and/ or admitted to trading on the BSE and NSE, which have nation-wide trading terminals.

Upon allotment of the equity shares by Resulting Company to the equity shareholders of Demerged Company, it is envisaged that the entire pre-scheme paid up share capital of the Resulting Company (held by the Demerged Company and its nominees) would be cancelled and reduced, without any consideration and 100% equity shareholding in the Resulting Company would be directly owned by the shareholders of Demerged Company in the same proportion as their shareholding in Demerged Company as of the record date. We further understand from the Management, that the Resulting Company was recently incorporated as a wholly owned subsidiary of the Demerged Company and has been capitalized by TML with a share capital of INR 10 lakhs (5,00,000 equity shares of face value of Re. 2 each).

For the aforesaid purpose, and based on the information made available by the Management, the Board of Directors of TML has appointed PwC BCS to submit:

- (i) A Registered Valuer Report expressing an opinion on the Share Entitlement Ratio as proposed in the Draft Scheme, in connection with the proposed Demerger of the Demerged Undertaking from the Demerged Company to the Resulting Company, for the consideration of the Board of Directors of Companies in accordance with the generally accepted professional standards and;
- (ii) To comment on the impact of the proposed Draft Scheme on the non-convertible debenture holders ('NCD holders') of TML.

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 Transaction, 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 Companies.

The Report will be used by TML only for the purpose, as indicated in this Report, for which we have been appointed. The Report cannot be used or relied by the Clients 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.

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 AND PROCEDURES ADOPTED

In connection with this exercise, we have used the following information received from the Management and gathered from public domain:

- Considered the capital structure of TMLCV i.e. equity shares held by TML in TMLCV;
- Considered the capital structure of TML;
- Considered the Share Entitlement Ratio as per the Draft Scheme;
- Considered the Draft Scheme;
- Considered the information available in public domain with respect to the Demerger;
- Discussions with Management including requisite explanation and clarification of data provided.

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 as per the terms of our engagement; (ii) the date of this Report and (iii) and are based on the sources of information outlined above including information provided by the Management which we believe to be reliable. The Management has represented that the business activities of TML have been carried out in the normal and ordinary course between 31 March 2024 (the date for which the latest financials are publicly available as per the Management) and the date hereof and that no material adverse change has occurred in the Companies' operations and financial position between 31 March 2024 and the Report date which will impact our opinion on the Share Entitlement Ratio.

In terms of our engagement, we have assumed and relied upon, without independent verification, the accuracy of information made available to us by/ on behalf of Clients. We have not audited, reviewed, certified, carried out a due diligence or otherwise investigated the information provided to us. Our conclusions are dependent on such information being complete and accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us by the Management. We have, therefore, not carried out any due diligence review, independent audit or other test or validation of such information to establish the accuracy or sufficiency of the information, explanations and representations provided to us. Accordingly, we do not express any opinion or any other form of assurance thereon and accept no responsibility for the same.

Also, with respect to explanations and information sought from/ on behalf of Clients, we have been given to understand by the Management 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 information given by/ on behalf of Clients. The Management has indicated to us that they





have understood that any material omissions, inaccuracies, or misstatements may materially affect our report. Accordingly, we assume no responsibility for any errors in the information furnished by/ on behalf of the Clients 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.

The Report assumes that Companies complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that 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 Companies. Our conclusion assumes that the assets and liabilities of Companies, reflected in its latest balance sheet remain intact as of the Report date.

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

Our scope of work is limited to expression of our view on the proposed Share Entitlement Ratio and its impact on the economic and beneficial interest of the equity shareholders and NCD holders of Companies. Our report is not, nor should it be construed as, our opining or certifying the compliance of the proposed Demerger of the Undertaking with the provisions of any law including Companies Act, FEMA and taxation related laws or as regards any legal implications or issues arising from such proposed Demerger. 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 Management in this regard.

This Report does not look into the business/ commercial reasons behind the Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Transaction 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 Transaction.

We owe responsibility to only the Board of Directors of Companies 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 Clients. 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 Companies, its directors, employees, or agents. In no circumstances shall the liability of a 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 Transaction. In addition, we express no opinion or recommendation as to how the shareholders of Companies should vote at any shareholders' meeting(s) to be held in connection with the Transaction. Our Report and the opinion 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.

Any person/ party intending to provide finance/ invest in the shares/ businesses of Companies/ its holding company/ 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 Clients) 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 Clients and have no current or expected interest in the Clients or its assets. The fee for the engagement is not contingent upon the results reported.

This Report is subject to the laws of India.

SHARE CAPITAL DETAILS

Tata Motors Limited

As represented by the Management, the issued and subscribed equity share capital of TML as of 26 July 2024 is:

- (i) ~INR 664.9 crores consisting of 3,324,658,528 ordinary shares of face value of INR 2/- each and;
- (ii) ~INR 101.7 crores consisting of 508,502,896 'A' ordinary shares of face value of INR 2/- each.

The equity shareholding pattern of TML is as follows:

Ordinary Shares

Shareholders	Number of shares	% Share Holding
Promoter and Group	1,540,885,009	46.3%
Public	1,783,773,519	53.7%
Grand Total	3,324,658,528	100.0%

Source: Based on information provided by Management as of 26 July 2024

'A' Ordinary Shares

Shareholders	Number of shares	% Share Holding
Promoter and Group	39,002,948	7.7%
Public	469,499,948	92.3%
Grand Total	508,502,896	100.0%

Source: Based on information provided by Management as of 26 July 2024

Tata Motors Commercial Vehicles Limited

Tata Motors Commercial Vehicles Limited is a wholly owned subsidiary of Tata Motors Limited. As represented by the Management, the issued and subscribed equity share capital of TMLCV as of 26 July 2024 is INR 10 lakhs consisting of 5,00,000 equity shares of face value of INR 2/- each.

The Management has informed us that, without approval of the shareholders, there would not be any variation in the equity capital of companies till the proposed Draft Scheme becomes





effective. Accordingly, our Report and opinion on the Share Entitlement Ratio considers the above shareholding pattern of the Companies.

SHARE ENTITLEMENT RATIO

As per the Draft Scheme, the Share Entitlement Ratio is proposed as below:

- (i) 1 (One) share of TMLCV (face value of INR 2/- each fully paid up), for 1 (One) share of TML (face value of INR 2/- each fully paid up) of the same class of shares outstanding and as held by such shareholder in the TML on the Record Date as prescribed in the Draft Scheme.

We understand that the Demerger will be a 'mirror image' Demerger, i.e. all the shareholders of Demerged Company will become shareholders of the Resulting Company and the shareholding pattern of the Resulting Company shall mirror the shareholding pattern of the Demerged Company, on the Record Date. All shares of the Resulting Company will be listed and/or admitted to trading on the BSE and NSE, which have nation-wide trading terminals.

Accordingly, Demerger will not impact the economic and beneficial interest of the shareholders of the Demerged Company.

In view of the above and considering that all shareholders of the Demerged Company, upon Demerger, be the ultimate economic and beneficial owners of the Resulting Company and that upon allotment of equity shares by the Resulting Company in the proposed Share Entitlement Ratio, the economic and beneficial interest of the shareholders in the equity of the Resulting Company will be the same as it is in the equity of the Demerged Company; the above Share Entitlement Ratio is fair in relation to the Demerger.

The determination of a Share Entitlement 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 Entitlement Ratio. While we have provided our view of the proposed Share Entitlement Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion. The final responsibility for the determination of the share entitlement ratio at which the Transaction shall take place will be with the Board of Directors of Companies who should consider other factors such as their own assessment of the Transaction and input of other advisors.

Impact of the proposed Draft Scheme on the NCD holders of TML

It may be noted that certain NCDs of the Demerged Co will be transferred to the Resulting Company on the same terms including coupon rate, tenure, redemption price and quantum pursuant to the demerger of the Demerged Undertaking (as defined in the Draft Scheme) from the Demerged Company into the Resulting Company as set out in the Draft Scheme.

The management of the Resulting Company and the Demerged Company have provided us their outlook of operating and financial cashflows. Further, it is understood from the Management that considering the financial ratios and business performance, Management expectation is that the credit ratings of Demerged Company and Resulting Company upon scheme coming into effect are expected to remain same.

Based on the outlook of operating and financial cashflows of the Resulting Company and Demerged Company and our high-level analysis, the Demerged Company and Resulting Company would be able to meet their respective interest and repayment obligations towards the holders of such NCD.





Hence, in our view, the overall economic interest of NCD will not be adversely affected pursuant to proposed Draft Scheme.

Submitted for approval.

For and on behalf of
PwC Business Consulting Services LLP
IBBI Registered Valuer No.: IBBI/RV-E/02/2022/158

Neeraj

Neeraj Garg
Partner
IBBI Membership No: IBBI/RV/02/2021/14036
Date: 1 August 2024
RVN: IOVRVF/PWC/2024-2025/3786

