



REPORT ADOPTED BY THE BOARD OF DIRECTORS OF TATA MOTORS LIMITED ("COMPANY" or "TML") AT ITS MEETING HELD AT BOMBAY HOUSE, 24 HOMI MODY STREET, MUMBAI – 400 001 ON THURSDAY, AUGUST 1, 2024 IN RELATION TO THE DRAFT COMPOSITE SCHEME OF ARRANGEMENT AMONGST TML AND TML COMMERCIAL VEHICLES LIMITED AND TATA MOTORS PASSENGER VEHICLES LIMITED AND THEIR RESPECTIVE SHAREHOLDERS UNDER SECTIONS 230-232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013

1. Background:

- 1.1 Based on the recommendations of the Audit Committee and Committee of Independent Directors of the Company, the Board of Directors of the Company at its meeting held on August 1, 2024, had, subject to the approval of the members and/or creditors, as may be required, the Hon'ble National Company Law Tribunal ("NCLT") having jurisdiction over Tata Motors Limited ("Tata Motors" or "the Company" or "TML" or "Demerged Company" or "Amalgamated Company"), TML Commercial Vehicles Limited ("TMLCV" or "Resulting Company") and Tata Motors Passenger Vehicles Limited ("TMPV" or "Amalgamating Company"), receipt of observation or no-objection letters from the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE" collectively with the BSE the "Stock Exchanges") and SEBI, as may be required, and other relevant authorities, approved the draft Composite Scheme of Arrangement amongst the Company, TMLCV, TMPV and their respective shareholders, under Sections 230-232 and other applicable provisions of the Companies Act, 2013 ("the Act") on the terms and conditions as stated therein ("Scheme").
- 1.2 The draft Scheme will be filed with the stock exchanges on which the shares and non-convertible debentures of the Company, are listed, i.e., BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE" collectively with the BSE, the "Stock Exchanges"), pursuant to Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with Circular bearing no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 'Master Circular on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957' dated June 20, 2023, issued by the Securities and Exchange Board of India ("SEBI") prescribing the compliance requirements for schemes of arrangement involving listed companies in each case, as amended from time to time, (collectively, the "SEBI Scheme Circular") and pursuant to Regulation 59A of the Listing Regulations read with Chapter XII of Circular no. SEBI/HO/DDHS/POD1/P/CIR/2023/108 'Master Circular for listing obligations and disclosure requirements for non-convertible Securities, Securitized Debt Instruments and/ or Commercial Paper' dated May 21, 2024 ("SEBI Scheme Circular – Debt") or any other circulars issued by the SEBI from time to time in relation to the foregoing (the SEBI Scheme Circular and the SEBI Scheme Circular – Debt, shall be collectively referred to as the "SEBI Scheme Circulars") for obtaining a no-objection letter from the Stock Exchanges.
- 1.3 The Scheme will be presented before the National Company Law Tribunal, bench at Mumbai ("NCLT") under Sections 230 to 232 and other applicable provisions of the Act and will also be in compliance with the applicable provisions of the Income-tax Act, 1961 and the SEBI Scheme Circulars.
- 1.4 The draft Scheme was recommended for final consideration and approval of the Board, by the Audit Committee at their meeting on August 1, 2024 and the Committee of the Independent Directors at their meeting on August 1, 2024.





1.5 As per Section 232(2)(c) of the Act, a report is required to be adopted by the Board of Directors of the Company explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company, laying out in particular, the Share Entitlement Ratio, specifying any special valuation difficulties, if any. Further, pursuant to the requirements of the SEBI Scheme Circular - Debt, the Board is required to also comment on impact of the Scheme on the holders of non-convertible debentures ("NCDs") and Non-Convertible Preference Shares ("NCRPS") safeguards for the protection of the holders of NCDs and exit offer to the dissenting shareholders of NCD and NCRPS ("**Report**").

1.6 Accordingly, this Report is being prepared to comply with the requirements of the Act read with the SEBI Scheme Circulars and for adoption by the Board.

2. Overview of the Scheme:

The Scheme, is pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act and provides for, *inter alia*, the following:

- a) demerger, transfer and vesting of the Demerged Undertaking, comprising of the Commercial Vehicles Business, from the Demerged Company into the Resulting Company on a going concern basis, and issue of shares by the Resulting Company to the shareholders of the Demerged Company, in accordance with Share Entitlement Ratio in consideration thereof, in accordance with the provisions of Section 2(19AA) and other relevant provisions of the Income-tax Act, 1961;
- b) amalgamation of the Amalgamating Company with the Amalgamated Company with an objective of consolidating the Passenger Vehicles Business with the Amalgamated Company in accordance with the provisions of Section 2(1B) and other relevant provisions of Income-tax Act, 1961 and consequent dissolution of the Amalgamating Company without being wound up;
- c) various other matters consequential or otherwise integrally connected therewith in the manner set out in the Scheme.

Words and expressions, used in capitalized form but not defined in this Report, shall have the meaning ascribed to them in the Scheme.

3. Rationale of the Scheme:

- a) Tata Motors is directly and indirectly through its subsidiaries and joint ventures, engaged *inter alia* in the business of design, development, manufacture, and sale of a wide range of commercial, passenger and electric vehicles, (including offering an extensive range of integrated, smart and e-mobility solutions), within India and abroad.
- b) Over the past few years, the Commercial Vehicles Business and the Passenger Vehicles Business have delivered a strong performance by successfully implementing distinct strategies. The Scheme is being proposed to, amongst others, separate the Commercial Vehicles Business from the Passenger Vehicles Business through:
 - (i) Demerger of Commercial Vehicles Business from the Demerged Company to the Resulting Company; and
 - (ii) Merger of the Amalgamating Company undertaking the Passenger Vehicle Business with the Amalgamated Company.





- c) The effectiveness of the Scheme would result in creation of two listed companies, forming part of the Tata Group, with identical shareholding (including common promoters) with the Resulting Company housing the Commercial Vehicles Business and the Amalgamated Company housing the Passenger Vehicles Business. This will empower the respective businesses to pursue their respective strategies to deliver higher growth with greater agility while reinforcing accountability.
- d) The proposed Scheme would be in the best interests of the Demerged Company or Amalgamated Company, the Resulting Company, the Amalgamating Company and, their respective shareholders, employees, creditors and other stakeholders for the below reasons:
- (i) The distinctive profile and established business model of the Commercial Vehicles Business and Passenger Vehicles Business makes it suitable to be housed in separately listed entities, allowing sharper strategic focus in pursuit of their independent value creation trajectories;
 - (ii) The Scheme would result in better and efficient control and management for the Commercial Vehicles Business and the Passenger Vehicles Business and would further empower the respective businesses to pursue their respective strategies to deliver growth with greater agility while reinforcing accountability;
 - (iii) The Scheme would unlock value for the overall-business portfolio through price-discovery of the Amalgamated Company and the Resulting Company for existing shareholders and shall entail direct holding of marketable securities therein;
 - (iv) The Scheme could lead to the right operating architecture for both companies with sharper focus on their individual business strategies and clear capital allocation, in alignment with their respective value creation journeys; and
 - (v) Separately listed companies will attract specific set of investors for their business profile, and consequently, encourage focused capital market outcomes.
- 3.1 The Appointed Date for the proposed Scheme is the opening hours of business on July 1, 2025. The Effective Date for the proposed Scheme means the last of the approvals or events specified in Clause 44 of the Scheme are satisfied or have occurred or obtained or the requirement of which have been waived (in writing) in accordance with the Scheme.

4. Documents Placed before the Board

Having regard to the applicability of the aforesaid provisions, the following documents were placed before the Board:

- a) The draft of the Scheme;
- b) Report on Recommendation of the Share Entitlement Ratio dated August 1, 2024 issued by PwC Business Consulting Services LLP, Registered Valuers (IBBI Reg No.: IBBI/RV-E/02/2022/158) recommending the share entitlement ratio in relation to the Scheme ("Share Entitlement Report");
- c) Fairness Opinion dated August 1, 2024 issued by SBI Capital Markets Limited, Independent Merchant Banker, opining on the fairness of the Share Entitlement Ratio ("Fairness Opinion");





- d) The Report of the Audit Committee of the Company dated August 1, 2024 recommending the draft Scheme for favourable consideration and approval by the Board of the Company, Stock Exchanges, SEBI and other appropriate authorities;
- e) The Report of the Committee of the Independent Directors of the Company dated August 1, 2024 recommending the draft of the Scheme for the consideration and approval of the Board;
- f) Auditors' Certificate issued by B S R & Co. LLP, Chartered Accountants, certifying that the accounting treatment in the draft Scheme is in conformity with the applicable accounting standards;
- g) Undertaking of the Company confirming non-applicability of the conditions specified in Paragraph (A)(10)(a) read with (A)(10)(b) of Part I of SEBI Scheme Circular along with the Certificate by B S R & Co. LLP, Chartered Accountants, the Statutory Auditors of the Company, certifying the said undertaking under Paragraph (A)(10)(c) of Part I of SEBI Scheme Circular;
- h) Other presentations, reports, documents and information made to/ furnished before the Board pertaining to the draft Scheme.

5. Effect of the Scheme on equity shareholders (promoter and non-promoter shareholders) of the Company:

- a) Upon effectiveness of the Scheme, in consideration of the transfer and vesting of the Demerged Undertaking from the Demerged Company to the Resulting Company in terms of the Scheme, each shareholder of the Demerged Company whose name is recorded in the Register of Members and records of the depository as a shareholder of the Demerged Company as on the Record Date shall be issued and allotted 1 (one) share of the Resulting Company (face value of ₹2/- each fully paid-up), for every 1 (one) share of the Demerged Company (face value of ₹2/- each fully paid up) of the same class of shares outstanding as held by such shareholder in the Demerged Company ("Share Entitlement Ratio") without any further application, act or deed. These shares allotted pursuant to the Share Entitlement Ratio ("New Shares") shall be subject to the Scheme, the memorandum and articles of association of the Resulting Company and Applicable Law. Further, once the Scheme is effective, the Resulting Company will have mirror shareholding of the Demerged Company.
- b) Upon the effectiveness of the Scheme and subject to receipt of regulatory approvals, the New Shares will be listed on the Stock Exchanges.
- c) Upon allotment of the New Shares, the entire pre-scheme paid up share capital of TMLCV (held by TML) shall stand cancelled and reduced, without any consideration and without any further act, instrument or deed.
- d) Since the Amalgamating Company is a wholly owned subsidiary of Amalgamated Company with all shares in the share capital of Amalgamating Company being held by the Amalgamated Company, the holding company, no shares whatsoever shall be issued and allotted by Amalgamated Company to itself in consideration of the amalgamation. Accordingly, all such shares of the Amalgamating Company held by the Amalgamated Company and investment of the Amalgamated Company in such shares as appearing in the books of the Amalgamated Company shall stand cancelled upon the Scheme becoming effective without issue or allotment of new shares in lieu of shares of the Amalgamating Company.





- e) The Scheme is expected to have several benefits for the Company, as indicated in the rationale of the Scheme and is expected to be in the best interests of the shareholders of the Company.

6. Effect of the Scheme on Directors and Key Managerial Personnel of the Company:

- a) The Scheme is not expected to have any effect on the directors and key managerial personnel of the Company. Further, no change in the Board of Directors of the Company is envisaged on account of the Scheme.
- b) The directors holding shares of the Company do not have any other interest in the Scheme otherwise than that as a shareholder of the Company. Further, none of the key managerial personnel and / or relatives of the directors of the Company is concerned or interested, financially or otherwise in the proposed Scheme. Save as aforesaid, none of the directors of the Company have any material interest in the proposed Scheme.
- c) The individual shareholding of each of the said directors, the key managerial personnel and their respective relatives, is less than 2% of the paid-up share capital of the Company. The shareholding of the present directors and key managerial personnel of the Company, either individually or jointly as a first holder or as a nominee, in the Company, is as under:

Name of Director / Key Managerial Personnel	No. of Shares Held	Percentage to total capital
Mr N Chandrasekaran Chairman	2,00,000	0.006
Mr Om Prakash Bhatt Independent Director	NIL	NIL
Ms Hanne Sorensen Independent Director	NIL	NIL
Ms Vedika Bhandarkar Independent Director	NIL	NIL
Mr Kosaraju V Chowdary Independent Director	NIL	NIL
Mr Al-Noor Ramji Independent Director	NIL	NIL
Mrs Usha Sangwan Independent Director	NIL	NIL
Mr. Bharat Puri Independent Director	NIL	NIL
Mr Girish Wagh* Executive Director	1,33,350	0.004
Mr. P B Balaji* President & Group CFO	1,91,450	0.005
Mr. Maloy Kumar Gupta* Company Secretary	NIL	NIL
Total (A)*	5,24,800	0.015





Name of Director / Key Managerial Personnel	No. of Shares Held	Percentage to total capital
Relatives of Directors & Key Managerial Personnel		
Mr. Natarajan Srinivasan Brother of Mr N Chandrasekaran	25,000	0.001
Mr. Manish Arun Wagh Brother of Mr. Girish Wagh	482	0.000
Mr. Girish Chowdary Son of Mr Kosaraju V Chowdary	200	0.000
Total (B)	25,682	0.001
Grand Total (A+B)	5,50,482	0.016

7. Impact of the Scheme on the holders of the NCDs:

Certain NCDs issued by the Demerged Company from time to time (including those specified in the Annexure A of the Scheme) which are outstanding i.e., Demerged Company NCDs, as determined by the Demerged Company and the Resulting Company will be transferred to the Resulting Company as a part of the Demerged Undertaking upon effectiveness of the Scheme i.e., Transferring NCDs. The other NCDs issued by the Demerged Company which do not form part of the Transferring NCDs will be retained by the Demerged Company upon effectiveness of the Scheme i.e., Retained NCDs. This will also ensure compliance with section 2 (19AA) of the Income Tax Act, 1961 in relation to demerger.

There will be no change in the terms and conditions of the Demerged Company NCDs pursuant to the Scheme.

8. Safeguards for the protection of the holders of NCDs:

Under the Scheme, no arrangement or compromise is being proposed with the holders of Demerged Company NCDs. The liability of the holders of Demerged Company NCDs, under the Scheme, is neither being reduced nor being extinguished.

Pursuant to the Scheme, the holders of Transferring NCDs as on the Effective Date will be transferred to the Resulting Company on same terms, including the coupon rate, tenure, redemption price, quantum, ranking, nature of security, etc. Further, the holders of Retained NCDs as on the Effective Date will continue to hold NCDs of the Demerged Company, without any interruption, on same terms, including the coupon rate, tenure, redemption price, quantum, and nature of security, ISIN, etc. The Scheme, therefore, has adequate safeguards for the protection of holders of Demerged Company NCDs.

9. Exit offer to the dissenting holders of NCDs, if any:

The Demerged Company NCDs, as on the Effective Date, will continue to be freely tradable and listed on the relevant Stock Exchanges, thereby providing liquidity to the holders of the Demerged Company NCDs.

The Company has not issued any NCRPS

Basis the above, the Board confirmed that the Scheme would not be detrimental to the interests of the holders of NCDs.





10. Consideration

- a) For the purpose of arriving at the recommended Share Entitlement Ratio, the Share Entitlement Report was obtained by the Company from an independent registered valuer.
- b) The independent registered valuer, PwC Business Consulting Services LLP, (IBBI Reg No.: IBBI/RV-E/02/2022/158) appointed to determine and recommend the Share Entitlement Ratio for in connection with the proposed Scheme has not expressed any difficulty while determining the same.
- c) The Fairness Opinion issued by SBI Capital Markets Limited, Independent Merchant Banker, also does not indicate any special valuation difficulties.
- d) The recommendation of the Share Entitlement Ratio in connection with the proposed Scheme has been certified as being fair and has been approved by the Board of the Company, the Audit Committee of the Company and the Committee of Independent Directors of the Company.

11. Adoption of the Report by the Board of Directors

The Board has adopted this Report after noting and considering the information set forth in this Report. The Board or any fully authorized committee by the Board is entitled to make relevant modifications to this Report, if required, and such modifications or amendments shall be deemed to form part of this Report.

Name: Girish Wagh
Designation: Executive Director
DIN: 03119361
Date: August 01, 2024
Place: Mumbai

