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FAIRNESS OPINION REPORT
ON THE SHARE ENTITLEMENT RATIO FOR THE PROPOSED DEMERGER
OF COMMERCIAL VEHICLE BUSINESS FROM TATA MOTORS LTD INTO
TML COMMERCIAL VEHICLES LTD.



SBI CAPITAL MARKETS LTD.

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A Subsidiary of State Bank of India

August 01, 2024



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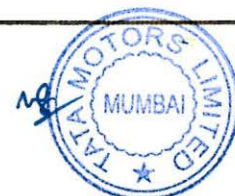


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Abbreviations

Abbreviations	Nomenclature
BSE	Bombay Stock Exchange
CV	Commercial Vehicle
FY	Financial Year
NCD	Non-Convertible Debentures
NSE	National Stock Exchange
SBICAPS	SBI Capital Markets Limited
TML	Tata Motors Limited
TMLCV	TML Commercial Vehicles Limited
TMPVL	Tata Motors Passenger Vehicles Limited



1 BACKGROUND

There is a proposal before the Board of Directors of **TATA MOTORS LIMITED** ("Demerged Company/ Amalgamated Company" or "TML") to demerge the Commercial Vehicles Business from Demerged Company to **TML COMMERCIAL VEHICLES LIMITED** ("Resulting Company" or "TMLCV") and Merger of **TATA MOTORS PASSENGER VEHICLES LIMITED** ("Amalgamating Company" or "TMPVL") undertaking the Passenger Vehicle Business with Tata Motors Limited under a Composite scheme of arrangement under sections 230-232 of Companies Act, 2013, including the rules and regulations made thereunder (hereinafter referred to as the "Draft Scheme"). The said transaction is referred to as the "Proposed Demerger".

Tata Motors Limited ("TML") vide offer letter dated July 03, 2024 ("Engagement Letter") has engaged SBI Capital Markets Limited ("SBICAPS"), to provide a Fairness Opinion Report to the Board of Directors of TML on the Share Entitlement Ratio and impact on the NCD holders of the Company pursuant to the Proposed Demerger as recommended by PwC Business Consulting Services LLP, registered valuer ("PwC" or "Valuer") under their report issued dated August 01, 2024 ("Valuation Report")

1.1 About Companies

1.1.1 Tata Motors Limited:

TATA MOTORS LIMITED 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 ("Tata Motors", and for the purpose of demerger set out in the Draft Scheme, the "Demerged Company" and for the purpose of amalgamation set out in the Draft Scheme, the "Amalgamated Company").

TML 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.

Shareholding pattern of TML:

The Issued, Subscribed and Paid-up equity share capital of TML as on July 26, 2024, is Rs. 766.68 crores consisting of 3,32,46,58,528 Ordinary equity shares and 50,85,02,896 "A" Ordinary equity Shares of face value of Rs. 2 each respectively. Its 'A' Ordinary Shares and Ordinary Shares are listed on the NSE and BSE.

The equity shareholding pattern is as follows:

(a) Ordinary equity shares

Category	Number of Equity Shares	% Shareholding
Promoter & Promoter Group	1,54,08,85,009	46.34
Public and Others	1,78,37,73,519	53.66
Total	3,32,46,58,528	100.00

Source: based on the information provided by Management as of July 26, 2024

(b) "A" Ordinary equity Shares

Category	Number of Equity Shares	% Shareholding
Promoter & Promoter Group	3,90,02,948	7.67
Public and Others	46,94,99,948	92.33
Total	50,85,02,896	100.00

Source: based on the information provided by Management as of July 26, 2024

Section 2(19AA) of Income Tax Act, 1961:

As per sub-clause (ii) (b) of Section 2(19AA) of Income Tax Act, 1961, specific loans or borrowings (including debentures) relating to the undertaking being transferred by the Demerged Company to move along with the business for which it was raised, incurred and utilized. Further, as per sub-clause (ii) (c) of Section 2(19) (AA) of Income Tax Act, 1961, so much of the amounts of general or multipurpose borrowings, if any, of the



Demerged Company as stand in the same proportion which the value of the assets transferred in a demerger bears to the total value of the assets of such Demerged Company immediately before the demerger.

1.1.2 TML COMMERCIAL VEHICLES LIMITED:

TML COMMERCIAL VEHICLES LIMITED is a recently incorporated public limited company under the laws of India bearing corporate identification number U29102MH2024PLC427506 and having its registered office at E Floor 2nd 24 Bombay House, Homi Modi Street, Fort, Stock Exchange, Mumbai, Maharashtra, India, 400001 ("Resulting Company"). The Resulting Company is a wholly owned subsidiary of the Demerged Company and is incorporated to carry on the CV business to be demerged from TML.

As represented by the Management, the issued and subscribed equity share capital of TMLCV as on July 26, 2024 is INR 10 lakhs consisting of 5,00,000 equity shares of face value of INR 2/- each.

1.2 Transaction Overview

In accordance with the provisions of the Draft Scheme shared by the Company and Valuation Report received from PwC, 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 this Draft Scheme, the Valuer has arrived at "Share Entitlement Ratio" for demerger as follows:

1 (one) share of the Resulting Company (face value of INR 2/- each fully paid up), for 1 (one) share of the Demerged Company (face value of INR 2/- each fully paid up) of the same class of shares outstanding and as held by such shareholder in the Demerged Company on the record date as prescribed in the Draft Scheme.

- 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 equity shareholders of Demerged Company in the same proportion as their shareholding in Demerged Company as of 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.
- As per the Draft Scheme, we understand that the appointed Date for the Transaction is 1st July 2025.

TML in terms of the Engagement Letter have requested us to issue our opinion on the fairness of the Share Entitlement Ratio and impact on the NCD holders of the Company recommended by the Valuer ("Fairness Opinion").

1.3 Sources of Information

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

1. Valuation Report issued by the Valuer.
2. Draft Scheme of Arrangement.
3. Audited financials of TML for the FY ended on March 31, 2024.
4. Key Financial Parameters provided by the Management / Company of Commercial Business Undertaking and Passenger Business Undertaking post implementation of Draft Scheme of Arrangement.
5. Other relevant information and documents for the purpose of this engagement available on public domain & provided by the Company with respect to Proposed Demerger.
6. Other relevant details regarding the Companies such as their history, past and present activities, future plans and prospects, existing shareholding pattern and other relevant information and data, including information in the public domain.



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7. Such other information and explanations / clarifications as required, and which have been provided by the Management including Management Representations with respect to Proposed Demerger.
8. Such other Information received during discussion with the registered valuer, if any.

2 VIEW ON FAIRNESS OF THE TRANSACTION

As understood from the Draft Scheme of Arrangement shared by the Company and Valuation Report received from PwC dated August 01, 2024, upon the Draft Scheme being effective, all the shareholders of TML would also become the shareholders of TMLCV and their shareholding in TMLCV would mirror their existing shareholding in TML prior to the demerger. All shares of TMLCV will be listed and/or admitted to trading on the BSE and NSE, which have nation-wide trading terminals.

In accordance with Regulation 37 and 59A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the relevant SEBI Master Circulars thereto, based on our examination of the Valuation Report received from registered valuer, such other information/undertakings/representations provided to us by the Management and our high level analysis and evaluation of such information and subject to the scope limitations as mentioned hereinabove and to the best of our knowledge and belief, we are of the opinion that the recommendation made by the registered valuer of the Share Entitlement Ratio is fair which is as under:

The Share Entitlement Ratio for the proposed demerger of Demerged Undertaking of TML into TMLCV is as under:

1 (one) share of the Resulting Company (face value of INR 2/- each fully paid up), for 1 (one) share of the Demerged Company (face value of INR 2/- each fully paid up) of the same class of shares outstanding and as held by such shareholder in the Demerged Company on the record date as prescribed in the Draft Scheme.

Consideration of factors for opining on the comments on the impact of the Draft Scheme on NCD holders:

- It may be noted from the information received from the Company and Valuation Report of the Valuer, certain NCDs of Demerged Company might be transferred to the Resulting Company and such transfer would be on existing 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 Company has provided us brief outlook of cashflows of Demerged and Resultant Company. On the basis of key projection numbers made by the Management on Resulting Company & Demerged Company, it is understood that the Demerged Company & Resulting Company will meet the interest and repayment obligations of such NCD holders of TML.
- 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 & Resulting Company upon the Draft Scheme coming into effect is expected to remain same.
- Hence, based on the foregoing considerations, examination of the Valuation Report, such other information / undertakings / representations provided to us by the Management and our broad analysis of such information and subject to the scope limitations as mentioned hereinabove, we are of the opinion that the economic interest of NCD holders of TML is not expected to be adversely affected pursuant to the proposed demerger.

Yours Sincerely,

For SBI Capital Markets Limited


Authorized Signatory

