

July 31, 2020

Tata Motors Ltd.

Bombay House
24, Homi Mody Street, Fort
Mumbai - 400 001

Dear Sirs,

Sub: Draft scheme of arrangement under sections 230 – 232 of Companies Act, 2013 between Tata Motors Limited (“TML” or the “Transferor Company”) and TML Business Analytics Services Limited (“Transferee Company”) for transfer and vesting of Passenger Vehicle Business Undertaking of TML to Transferee Company

As requested by the management of TML, we have undertaken the exercise to issue a fairness opinion (“Opinion”) on the valuation reports of the “Passenger Vehicle Business Undertaking” of TML which is proposed to be transferred to, TML Business Analytics Services Limited on a going concern basis through a slump sale, pursuant to the Scheme of Arrangement under sections 230 – 232 of Companies Act, 2013 and other relevant provisions of the Companies Act, 2013 (‘Scheme’). The Transferee Company is a wholly owned subsidiary of TML Business Services Limited and TML, directly and indirectly, holds 100% equity interest in TML Business Services Limited and the Transferee Company.

In arriving at our Opinion, we have reviewed financial, business information and other publicly available information. We have reviewed the reports issued by S R B C & CO LLP and by Vikrant Jain, Chartered Accountant (collectively referred to as “Valuers”), each dated July 31, 2020.

In addition to above, we have had discussions with the officials of TML on the past and current business operations of the Passenger Vehicle Undertaking, its future prospects and operations, and have received a management representation letter from TML and the Transferee Company dated July 30, 2020.

Based on our examination and according to the information and explanation provided to us, we note that the Scheme entails, *inter alia*, an arrangement between the Transferee Company, an entity in which TML holds 100% indirect equity interest, and TML, for transfer and vesting of the Passenger Vehicle Business Undertaking of TML into the Transferee Company and writing down the securities premium account of TML in part with a corresponding adjustment to the accumulated losses of TML. The reduction in securities premium account does not involve and financial outlay and does not affect the valuation of the Passenger Vehicle Business Undertaking. Accordingly, the scope of our Opinion does not cover opinion on reduction of the securities premium account of TML envisaged in the Scheme.

We further note that, the Scheme envisages share issuance to TML by the Transferee Company as a lump sum consideration for transfer and vesting of Passenger Vehicle Business Undertaking with the Transferee Company.

Kotak Mahindra Capital Company Limited

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We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed good and marketable and we would urge TML and the Transferee Company to carry out an independent assessment of the same prior to entering into any transaction, after giving due weightage to the results of such assessment.

In giving our Opinion, we have assumed and relied upon, without independent verification, the accuracy and completeness of all information supplied or otherwise made available to us either in oral or written form, discussed with or reviewed by or for us, or publicly available. We have been given to understand that all information that was relevant for the purpose of our exercise was disclosed to us. We have not conducted any evaluation or appraisal of any assets or liabilities of TML or the Transferee Company nor have we evaluated the solvency or fair value of TML or the Transferee Company, under any laws relating to bankruptcy, insolvency or similar matters. In addition, we have not assumed any obligation to conduct any physical inspection of the properties or facilities of TML or the Transferee Company. We have also assumed that the final Scheme of Arrangement will be substantially the same as the Scheme discussed with and reviewed by us, unless modified by any regulatory authority or statutory body. We were not requested to solicit, and did not solicit, interest from other parties with respect to an acquisition of, or other business combination with TML or the Transferee Company or any other alternative transaction.

Our Opinion does not factor overall economic and environment risk and other risks and is purely based on the information and representations provided to us. We have not assumed the risk of any material adverse change having an impact on the businesses of TML and the Transferee Company in arriving at our final Opinion.

We express no view as to, and our Opinion does not address, the underlying business decision of TML and the Transferee Company to effect the Scheme or the merits of the Proposed Transaction. Our Opinion does not constitute a recommendation to any shareholder or creditor of TML or the Transferee Company as to how such shareholder or creditor should vote on the Scheme or any matter related thereto. In addition, this Opinion does not address the fairness to, or any other consideration, to the creditors or other constituencies of TML and the Transferee Company. We are not expressing any opinion herein as to the prices at which the shares of TML will trade following the announcement or consummation of the proposed transaction or as to the prices at which the shares of TML may be transacted.

Our Opinion is not and does not purport to be an appraisal or otherwise reflective of the prices at which any business or securities actually could be ideally bought or sold by any party and are not indicative of actual value or actual future results that might be achieved, which value may be higher or lower than those indicated.

Our Opinion is necessarily based on financial, economic, market and other conditions as in effect on the date of issuing this Opinion, and the information made available to us as of, the date hereof, including the capital structure of TML and the Transferee Company. We understand the Company's business plan has factored in the potential impact of COVID-19 pandemic. Hence we have not considered any additional impact of COVID-19 pandemic on the operations of TML and the Transferee Company. It should be understood that subsequent developments may affect this Opinion and that we do not have any obligation to update, revise, or reaffirm this Opinion.



We will receive a fee for our services in connection with the delivery of this Opinion from TML. In addition, TML has agreed to indemnify us for certain potential liabilities arising out of our engagement.

We and our affiliates in the past have provided, and currently provide, services to TML and their affiliates unrelated to the Scheme for which services we and such affiliates have received and expect to receive compensation, including, without limitation as lenders and creditors and as financial advisors for the purchase/sale of assets/businesses by/to TML (as the case may be) and as lead managers / underwriters in securities offerings of TML.

In the ordinary course of business, we and our affiliates may actively trade or hold securities of companies that may be the subject matter of this transaction for our own account or for the account of our customers and, accordingly, may at any time hold long or short position in such securities. In addition, we and our affiliates maintain relationships with TML and the Transferee Company and their respective affiliates. Further our affiliates may own or manage securities of TML and may vote or have views contrary to this opinion.

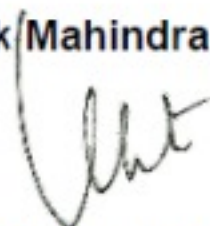
This Opinion is provided solely for the benefit of the Board of Directors of TML and its committees, and shall not confer rights or remedies upon, any shareholder of TML, or any other person other than the members of the Board of Directors of TML and its committees, or be used for assessing tax implications or any other purpose, except to the extent required by law or by the request or requirement of any judicial, statutory, regulatory, legislative, administrative or other governmental body. This Opinion may not be used or relied upon by nor is it issued for the benefit of any third party for any purpose whatsoever or disclosed, referred to or communicated by you (in whole or in part) except with our prior written consent in each instance. Provided however, this opinion may only be disclosed as may be required under any applicable law in India and may be kept open for inspection by shareholders of TML, but we take no responsibility or liability for or arising out of any such disclosure. We specifically disclaim any responsibility to any third party to whom this Letter may be shown or who may acquire a copy of this Letter.

The laws of India govern all matters arising out of or relating to this Opinion (including, without limitation, its interpretation, construction, performance, and enforcement). With respect to any suit, action or any other proceedings relating to this Opinion, the courts of competent jurisdiction at India shall have exclusive jurisdiction.

On the basis of and subject to the foregoing, it is our view that the consideration value of INR 9,417 Crore to be settled by way of issuance of 941.7 Crore shares of the Transferee Company of INR 10/- each fully paid up, as determined by the Valuers for the purpose of the transfer of the Passenger Vehicles Undertaking as proposed under the Scheme is fair from a financial point of view.

Yours faithfully,

For Kotak Mahindra Capital Company Limited



Authorised Signatory