

**Saffron Capital Advisors Private Limited**

605, Sixth Floor, Centre Point, Andheri Kurla Road
J.B. Nagar, Andheri (East), Mumbai - 400059
Tel.: +91-22-40820912 | Fax: +91-22-40820999
Email: info@saffronadvisor.com
Website: www.saffronadvisor.com
CIN No.: U67120MH2007PTC166711

Date: March 28, 2023

To,
The Audit Committee and the Board of Directors,
Tata Cleantech Capital Limited
11th Floor, Tower A, Peninsula Business Park,
Ganpatrao Kadam Marg, Lower Parel,
Mumbai – 400 013.

Dear Members of the Audit Committee and the Board of Directors,

1. Engagement Background

We understand that the Management of Tata Cleantech Capital Limited ("TCCL" or the "Transferor Company") and Tata Capital Limited ("TCL" or the "Transferee Company") (jointly referred to as "Companies") are contemplating merger of TCCL with TCL through a Scheme of Arrangement under the provisions of Sections 230-232 read with Section 66 and the other applicable provisions of the Companies Act, 2013 and Rules made there ("Proposed Merger").

We understand that the fair exchange ratio of Non-Convertible Debentures (NCD) of Tata Cleantech Capital Limited for the proposed Merger of Tata Cleantech Capital Limited into Tata Capital Limited is based on the Valuation Report dated March 28, 2023 issued by Ernst & Young Merchant Banking Services LLP, Independent valuer registered with Insolvency and Bankruptcy Board of India ("IBBI") with Registration No. IBBI/RV-E/05/2021/155 signed by Parag Mehta, Partner ("Valuer").

We, Saffron Capital Advisors Private Limited, a SEBI registered Category-I Merchant Banker, have been engaged by TCCL to give a fairness opinion ("Opinion") on Valuation Certificate dated March 28, 2023 issued by Valuer.

2. Background of the companies and Rationale

TCL is a holding company which holds investments in its subsidiaries which are mainly engaged in lending. TCL is a subsidiary of Tata Sons Private Limited and is registered with the Reserve Bank of India ("RBI") as a Systemically Important Non-Deposit Accepting Core Investment Company ("CIC"). TCL and its subsidiaries are engaged in lending and offering a wide array of products/services in financial services sector.

As on Valuation Date, TCL has the following material subsidiaries:

Tata Capital Financial Services Limited ("TCFSL") is a wholly owned subsidiary of TCL and is a Systemically Important Non-Deposit taking Non-Banking Financial Company ("NBFC-ND-SI"), holding a Certificate of Registration dated November 4, 2011, from the RBI. TCFSL's main areas of business include retail finance, SME and commercial finance.

Tata Capital Housing Finance Limited ("Tata Housing" or "TCHFL"), is a wholly owned subsidiary of TCL and is registered as a Housing Finance Company with the National Housing Bank ("NHB") to carry on housing finance activities. TCHFL primarily offers Home Loans and Affordable Housing Loans. TCHFL also provides Loans Against Property and Loans to Developers for constructing Residential and Commercial premises.

TCCL is a joint venture between TCL and International Finance Corporation ("IFC"), Washington D.C., USA, with equity holding in the ratio of 80.50:19.50. TCCL is registered with RBI as a NBFC-ND-SI. TCCL engages in the business of providing cash flow based finance and advisory services for projects in Renewable Energy, Energy Efficiency, Waste Management, Water Management, and other Infrastructure Projects. TCCL has been registered with the RBI as an Infrastructure Finance Company since October 15, 2015.

As per the Proposed Merger, pursuant to Proposed Merger, the Undertaking of the TCCL (comprising of its business including various tangible and intangible assets) will be transferred and vested into TCL.

We understand that the appointed date for the Proposed Merger as per the draft scheme shall be opening business hours of 1 April 2023 or such other later date as the Board may decide.

3. Recommended Exchange Ratio for the Proposed transaction

The Valuer has recommended the following exchange ratio of NCD for the proposed scheme:

For every 1 (One) NCD of TCCL 1(One) NCD of TCL of equivalent face and paid-up value, coupon rate, tenure, redemption price and quantum and nature of security offered, etc.

All NCDs of TCCL will be transferred to TCL with the same terms as that of current terms of the respective series of NCDs of TCCL.

4. Exclusions and Limitations

Our opinion and analysis are limited to the extent of review of the valuation report by the Valuer and the Draft Proposed Merger document. In connection with the opinion, we have

- a) Reviewed the details of NCDs of TCL and TCCL
- b) Other relevant information and documents for the purpose of this engagement.

This opinion is intended only for the sole use and information of TCCL and TCL and in connection with the Proposed Merger, including for the purpose of obtaining judicial and regulatory approvals for the Proposed Merger and for no other purpose. We are not responsible in any way to any person/party/statutory authority for any decision of such person or party or authority based on this opinion. Any person/party intending to provide finance or invest in the shares/business of either TCCL and/or TCL or their subsidiaries /joint ventures/associates 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.

For the purpose of this assignment, Saffron has relied on the Valuation Certificate for the Proposed Merger of Tata Cleantech Capital Limited into Tata Capital Limited and information and explanation provided to it, the accuracy whereof has not been evaluated by Saffron. Saffron's work does not constitute certification or due diligence of any past working results and Saffron has relied upon the information provided to it as set out in working results of the aforesaid reports.

Saffron has not carried out any physical verification of the assets and liabilities of the companies and takes no responsibility on the identification and availability of such assets and liabilities.

We hereby give our consent to present and disclose the Fairness Opinion in the general meetings of the shareholders of TCCL and TCL and to the Registrar of Companies. Our opinion is not, nor should it be construed as our opining or certifying the compliance of the Proposed Merger with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.

The information contained in this report is selective and is subject to updating, expansions, revisions and amendment, if any. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent. Recipients are advised to independently conduct their own investigation and analysis of the business of the Companies. The report has been prepared solely for the purpose of giving a fairness opinion on Valuation Certificate issued for the Proposed Merger between TCCL and TCL and may not be applicable or referred to or quoted in any other context.

Our opinion is dependent on the information provided to us 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. The scope of our assignment does not involve performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information used during the course of our work. As such we have not performed any audit, review or examinations of any of the historical or prospective information used and, therefore, do not express any opinion with regard to the same. In addition, we do not take any responsibility for any changes in the information used for any reason, which may occur subsequent to this date.

One should note that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. We have assumed that the Final Proposed Merger document will not differ in any material respect from the Draft Proposed Merger Document shared with us.

We do not express any opinion as to any tax or other consequences that might arise from the Proposed Merger on TCL, TCCL and their respective shareholders, nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the respective companies have obtained such advice as they deemed necessary from qualified professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, government investigation or other contingent liabilities to which TCL, TCCL and/or their associates/ subsidiaries, are or may be a party.

The company has been provided with an opportunity to review the Draft Opinion as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Final Opinion. Our Opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Proposed Merger or any matter thereto.

5. Conclusion

Based on and subject to the foregoing, we are of the opinion that the NCD exchange ratio is fair from the financial point of view.

For Saffron Capital Advisors Private Limited,

SAKSHI Digitally signed
by SAKSHI GUPTA
GUPTA Date: 2023.03.28
07:34:15 +05'30'

Sakshi Gupta
Head-Valuation