



TATA CAPITAL FINANCIAL SERVICES LIMITED

Registered Office: One Forbes, Dr. V B Gandhi Marg, Fort, Mumbai 400 001
Tel.: 91 22 67459000 Fax: 91 22 66106722 website: www.tatacapital.com

September 5, 2012

Dear Debenture Holder(s),

Sub: Modification / Variation of the terms and conditions of the Secured Redeemable Non – Convertible Debentures aggregating Rs.1,500 crore issued to the Public

1. Resolution:

The holders of the Secured Redeemable Non-Convertible Debentures aggregating Rs.1,500 crore issued by Tata Capital Limited ("TCL") to the public ("NCDs") pursuant to the Prospectus dated January 21, 2009 ("Prospectus") and the Debenture Trust Deed dated February 12, 2009 executed between TCL and IL&FS Trust Company Limited ("Debenture Trust Deed"), at their Meeting held on Wednesday, February 15, 2012 at 10.00 a.m. at the M.C. Ghia Hall, 4th floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai 400 001, unanimously (under each Option separately) approved the following Special Resolution for modification / variation of the terms and conditions of the NCDs:

"RESOLVED that a Meeting of the holders of the Secured Redeemable Non-Convertible Debentures aggregating Rs. 1,500 crore issued by Tata Capital Limited to the public ("NCDs") pursuant to the Prospectus dated January 21, 2009 and constituted and secured by the Debenture Trust Deed dated February 12, 2009 executed between Tata Capital Limited and IL&FS Trust Company Limited ("Debenture Trust Deed"), having been duly convened pursuant to the provisions of the Fourth Schedule to the Debenture Trust Deed, the NCD holders do hereby approve of the variation / modification of the terms and conditions of the NCDs in relation to the Coupon Rate and the terms of the Call Option available to the Company, as mentioned below, subject to the approvals, sanctions, consents and / or permissions of the Stock Exchanges, Debenture Trustees and other appropriate authorities, institutions or bodies, as may be required, and further subject to such terms, conditions, modifications as may be prescribed or imposed while granting such approvals, sanctions, consents and / or permissions and as may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which expression shall deem to include any Committee thereof or any person(s) authorised by the Board in this regard):

(i) Coupon Rate

Option	Interest Frequency	Existing Coupon Rate (per annum)	Proposed Coupon Rate (per annum)	Effective Date for revised Coupon Rate
I	Monthly	11.00%	09.75%	March 6, 2012
II	Quarterly	11.25%	09.75%	September 6, 2012
III	Annual	12.00%	10.50%	March 6, 2012
IV	Cumulative	12.00% to be compounded annually	10.50% to be compounded annually	March 6, 2012

(ii) Call Option

The Company shall have the authority to exercise its Call Option and redeem the NCDs within 90 days from the relevant Early Redemption Date (i.e. March 5, 2012 for Options I, III & IV and September 5, 2012 for Option II) along with interest accrued thereon, in respect of such NCD holders who do not consent, in writing, for continuing to hold the NCDs at the revised coupon rates indicated in (i) above for the residual tenor of the NCDs, by March 26, 2012 for Options I, III & IV and by September 26, 2012 for Option II.”

“**RESOLVED FURTHER** that the NCD holders do hereby authorize the Debenture Trustees with a view to effectuating the aforesaid modifications to execute a Supplemental Debenture Trust Deed, with authority to the Trustees to accept such modifications or amendments thereto as may be deemed necessary, to safeguard the interest of the NCD holders.”

“**RESOLVED FURTHER** that the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary and incidental for giving effect to the above.”

2. **Scheme of Arrangement between Tata Capital Limited (“TCL”) and Tata Capital Financial Services Limited (“TCFSL”) / “the Company”**

Pursuant to the Scheme of Arrangement between TCL and TCFSL (“Scheme of Arrangement”) as sanctioned by the Hon'ble High Court of Judicature at Bombay, the said NCDs stood transferred from TCL to the Company, along with the Debenture Redemption Reserve and assets against which they were secured. The said Scheme became effective on March 27, 2012, with the Appointed Date being April 1, 2011. The NCD holders are requested to note that, all acts of TCL, prior to the Scheme becoming effective, with regard to revision in the Coupon Rate as also for giving effect to the exercise of the Put / Call Option, was carried out by TCL for and on account of and in trust for the Company. All actions subsequent to the Scheme taking effect, are accordingly, being carried out by the Company.

3. **Supplementary Debenture Trust Deed**

To give effect to the Scheme of Arrangement as mentioned above as also the modification / variation of the terms and conditions of NCDs, the Company executed a Supplementary Debenture Trust Deed (to the Debenture Trust Deed dated February 12, 2009) with IL&FS Trust Company Limited, Debenture Trustee, on July 26, 2012 (“Supplementary Debenture Trust Deed”).

4. **Options available to the NCD holder under Option II**

(a) Accordingly, the NCD holders now have the following two options:

- (i) to continue to hold the NCDs for the residual tenor i.e. upto March 5, 2014, at the revised Coupon Rate as mentioned in the Resolution above, **by consenting, in writing, for the same latest by September 26, 2012**; or
- (ii) to exercise the Put Option available to the NCD holder as per the terms of the Prospectus, Debenture Trust Deed and the Supplementary Debenture Trust Deed, between September 5, 2012 and October 4, 2012, and seek redemption of his/her NCDs.

(b) If the NCD holder does not consent in writing under 4(a)(i) above or does not exercise the Put Option under 4(a)(ii) above, the Company shall exercise its Call Option.

(c) NCDs wherein Put / Call Option has been exercised, would be redeemed within 90 days from September 5, 2012 (i.e. on or before December 3, 2012) along with interest accrued upto the date of redemption.

(d) It may be noted that the revised Coupon Rate would be applicable with effect from September 6, 2012.

5. **Procedure for giving consent for continuing to hold NCDs at the Revised Coupon Rate under Option II**

- (a) The NCD holders are requested to refer to the Consent / Put Option Exercise Form (“Form”) enclosed herewith.
- (b) In case the NCD holder wishes to continue to hold the NCDs at the Revised Coupon Rate for the residual tenor of the NCDs, **he/she should select the 'Consent for Revised Coupon Rate' Option by putting (✓) mark and send the duly completed and signed Form, latest by September 26, 2012.**
- (c) Please note that the NCD holder is requested to exercise his/her written consent to the full extent of his/her holdings under Option II.

6. **Procedure for exercising Put Option by the NCD holder under Option II**

- (a) The NCD holders are requested to refer to the Consent / Put Option Exercise Form (“Form”) enclosed herewith.
- (b) In case the NCD holder does not wish to continue to hold the NCDs at the Revised Coupon Rate, he/she may exercise his/her Put Option as per the terms of the Prospectus, Debenture Trust Deed and the Supplementary Debenture Trust Deed, **by selecting the option for 'Exercise of Put Option' by putting (✓) mark and sending the duly completed and signed Form between September 5, 2012 and October 4, 2012.**
- (c) Please note that part redemption of NCDs under Option II is not permitted.

7. **Company to exercise Call Option**

In the event no written response accepting the revised Coupon Rate is received within the said period or a negative response or a blank/unsigned/incomplete/illegible Form or a Form with no option selected by putting (✓) mark is received by the Company from the NCD holder and the NCD holder has not exercised his/her Put Option until such date as mentioned in 6 above, the Company shall exercise its Call Option in respect of all such NCDs and the NCDs will be redeemed within 90 days from September 5, 2012 (i.e. on or before December 3, 2012) along with interest accrued, upto the date of redemption.

8. **Record Date**

In accordance with the terms of the Prospectus and as per Clause 20 of the Listing Agreement for Debt Securities, the Company has fixed **Wednesday, September 5, 2012 as the Record Date for ascertaining those NCD holders under Option II:**

- (a) who would be entitled to exercise their Consent / Put Option between September 5, 2012 and October 4, 2012; and
- (b) in respect of whom, the Company will exercise its Call Option i.e. those NCD holders who have not consented, in writing by September 26, 2012, for continuing to hold the NCDs at the revised Coupon Rate or who have not exercised their Put Option.

9. **Consent / Put Option Exercise Form**

- (a) The NCD holders are requested to refer to the Consent / Put Option Exercise Form (“Form”) enclosed herewith and to carefully read the instructions printed on the reverse of the Form, before exercising any of the aforementioned options/signing the forms.
- (b) Please note that the Form is being sent only to NCD holders under Option II.
- (c) The NCD holders are, thereafter, requested to send their duly completed and signed Form to the Company's Registrar and Transfer Agent, M/s Karvy Computershare Private Limited (“Karvy”) at Plot No.17-24, Vittal Rao Nagar, Madhapur, Hyderabad 500 081, in the self addressed pre-paid

Business Reply Envelope enclosed herewith, so as to reach them latest by September 26, 2012.

- (d) The Form will also be available at the Registered Office of the Company at One Forbes, Dr. V B Gandhi Marg, Fort, Mumbai 400 001 or at the office of Karvy and can also be downloaded from the Company's website, www.tatacapital.com.

10. Effect of written consent or Put / Call Option on NCDs held in Demat or Physical Form

- (a) On the redemption of the NCDs, the holders thereof shall receive direct credit of the principal amount along with accrued interest thereon in their Bank account, as per ECS instructions furnished by the NCD holder. In absence of the same, a Redemption Warrant will be sent to the NCD holders.
- (b) New ISIN will be allotted to NCDs held in electronic form, which the NCD holders have agreed to continue to hold at the revised Coupon Rate and these NCDs, with new ISIN, will be credited to the DematAccounts of the NCD holders in cancellation of the existing NCDs, carrying old ISIN.
- (c) NCD holders holding NCDs in physical form and who have consented to hold the NCDs at the revised Coupon Rate, will be sent new certificates, without calling for the exchange of the old certificate. The old certificate will stand cancelled on the issue of the new certificate. On the redemption of the NCDs, an NCD holder holding NCDs in physical form, is not required to surrender the old certificate. The same will stand cancelled on the date of redemption of the NCDs.

11. Trading in NCDs

To enable the Company to complete the requisite formalities with respect to the modification / variation of the terms and conditions of the NCDs, the Company has been informed by the Stock Exchanges (BSE & NSE) that trading in the Company's NCDs under Option II has been discontinued as per the Settlement Cycle of the Stock Exchanges with effect from Tuesday, September 4, 2012 upto such time as the Company has :

- (i) identified NCD holders who have consented to the revised Coupon Rate and to whom new ISIN has been allotted for the NCDs; or
- (ii) upto the date of redemption of such NCDs on which the Put / Call Option has been exercised.

12. Acknowledgement / Queries

We take this opportunity to thank you for your support to the Company. Should you have any queries / clarifications, you may please contact our Registrar, Karvy Computershare Private Limited, Unit: Tata Capital Financial Services Limited at Plot No.17-24, Vittal Rao Nagar, Madhapur, Hyderabad 500 081 on 040-44655000; e-mail : einward.ris@karvy.com or the undersigned during office hours between 9.30 a.m. to 6.00p.m. at the Registered Office of the Company or email us at compliance.ncd@tatacapital.com.

Thanking you,

Yours faithfully,

For TATA CAPITAL FINANCIAL SERVICES LIMITED

Sd/-

Avan K Doomasia
Company Secretary