

**SSPA & CO.**  
*Chartered Accountants*

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**STRICTLY PRIVATE & CONFIDENTIAL**

March 28, 2023

<p>To, <b>The Audit Committee and the Board of Directors,</b> <b>Tata Capital Financial Services Limited</b> 11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013.</p>	<p>To, <b>The Audit Committee and the Board of Directors,</b> <b>Tata Capital Limited</b> 11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013.</p>
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Dear Sir(s)/ Madam(s),

**Re: Valuation Report for the proposed merger of Tata Capital Financial Services Limited into Tata Capital Limited**

We refer to the engagement letter dated February 01, 2023, whereby, SSPA & Co., Chartered Accountants (hereinafter referred to as 'SSPA' or 'Valuer' or 'We') has been appointed by the management of Tata Capital Financial Services Limited ('TCFSL' or 'Transferor Company') to issue a report for the purpose of Securities & Exchange Board of India ('SEBI') 's 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 November 23, 2021 ("SEBI Scheme Circular-Equity") in relation to the proposed merger of TCFSL with Tata Capital Limited (hereinafter referred to as 'TCL' or 'Transferee Company').

TCFSL & TCL are hereinafter referred to as the Companies.

Our deliverable for this engagement would be to issue valuation report pursuant to SEBI Scheme Circular – Equity for the proposed merger of TCFSL with TCL ('Report'). For the purposes of this report, we have considered the Valuation Date as March 24, 2023 ('Valuation Date').

**1. SCOPE AND PURPOSE OF THIS REPORT**

1.1 We have been informed by the Management of TCFSL (hereinafter collectively referred to as 'the Management') that they are considering a proposal for the proposed merger of TCFSL with TCL (hereinafter referred to as 'Proposed Merger').



- 1.2 The aforesaid merger is proposed under a Scheme of Arrangement in accordance with the provisions of section 230 to 232 read with section 66 and other applicable provisions of the Companies Act, 2013 and the Rules made there under (hereinafter referred to as the 'Scheme') with effect from such date as mentioned in the Scheme.
- 1.3 We understand that the appointed date for the Proposed Merger as per the draft Scheme shall be opening business hours of April 01, 2023 or such other later date as the Board may decide ('Appointed Date').
- 1.4 Subject to necessary approvals, TCFSL would be amalgamated with TCL, with effect from Appointed Date.
- 1.5 In this regard, we have been requested to issue a Valuation Report pursuant to SEBI Scheme Circular – Equity for the Proposed Merger. The scope of our services is to provide a valuation report for the purpose of the SEBI Scheme Circular – Equity in relation to Proposed Merger in accordance with the ICAI Valuation Standards 2018 issued by the Institute of Chartered Accountants of India as applicable.
- 1.6 No shares of TCL are proposed to be issued and allotted nor any payment is proposed to be made in cash to the shareholders of TCFSL on merger of TCFSL with TCL, since, TCFSL is a wholly owned subsidiary of TCL. Further, pursuant to the Scheme, the equity shares of TCFSL held by TCL shall stand extinguished upon the Scheme becoming effective.

## **2. BRIEF BACKGROUND**

### **2.1. TATA CAPITAL LIMITED**

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.

The issued, subscribed, and fully paid-up share capital of the Transferee Company as on March 27, 2023, is INR 3,560.12 crores comprising of 3,56,01,19,841 equity shares of INR 10 each fully paid up.

### **2.2. 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.

The issued, subscribed, and fully paid-up share capital of the Transferor Company as on March 27, 2023, is INR 1,718.84 crores comprising of 1,71,88,46,458 equity shares of INR 10 each fully paid up.

### **3. REGISTERED VALUER - SSPA & CO., CHARTERED ACCOUNTANTS**

SSPA, is a partnership firm, located at 1<sup>st</sup> Floor, "Arjun", Plot No. 6A, V. P. Road, Andheri (West), Mumbai - 400 058, India. SSPA is engaged in providing various corporate consultancy services.

SSPA is a firm of practicing Chartered Accountants registered with The Institute of Chartered Accountants of India ('ICAI'). SSPA is also registered with the Insolvency and Bankruptcy Board of India ('IBBI'), as a Registered Valuer for asset class – 'Securities or Financial Assets' with Registration No. IBBI/RV-E/06/2020/126.

### **4. SOURCES OF INFORMATION**

For the purpose of this exercise, we have relied upon the following sources of information received from the Management and information available in the public domain:

- (a) Draft Scheme
- (b) Limited reviewed financial statements of the Companies for the nine months period ended December 31, 2022.
- (c) Such other information and explanations as we required and which have been provided by the Management, including Management Representations.

### **5. PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED**

In connection with this engagement, we have adopted the following procedures:

- (a) Reviewed the equity shareholding of TCFSL and TCL.
- (b) Reviewed the relevant clauses in the Scheme.

### **6. SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS, AND DISCLAIMERS**

- 6.1. Our report is subject to the scope and limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents



referred to herein and in the context of the purpose for which it is made. Further, our report for the Proposed Merger is in accordance with ICAI Valuation Standards 2018 issued by The Institute of Chartered Accountants of India.

- 6.2. This report has been prepared for the Audit Committee and Board of Directors of TCFSL and TCL solely for the purpose of compliance with SEBI Scheme Circular – Equity for the Proposed Merger.
- 6.3. The report assumes that the Companies comply fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations.
- 6.4. The draft of the present report was circulated to the Management for confirming the facts stated in the report and to confirm that the information or facts stated are not erroneous.
- 6.5. For the purpose of this exercise, we were provided with both written and verbal information including information detailed hereinabove in para 'Sources of Information'. Further, the responsibility for the accuracy and completeness of the information provided to us by the Companies and / or its auditors / consultants, is that of the Management. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Management that they have not omitted any relevant and material information about the Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our conclusions.
- 6.6. Our work does not constitute an audit, due diligence, or certification of these information referred to in this report including information sourced from public domain. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any information referred to in this report and the consequential impact on the present exercise. However, we have evaluated the information provided to us by the Companies through broad inquiry, analysis, and review. However, nothing has come to our attention to indicate that the information provided / obtained was materially misstated / incorrect or would not afford reasonable grounds upon which to base the report.
- 6.7. This report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the



Companies and any other matter, which may have an impact on the report including any significant changes that have taken place or are likely to take place in the financial position of the Companies. Events and transactions occurring after the date of this report may affect the report and assumptions used in preparing it and we do not assume any obligation to update, revise or reaffirm this report.

- 6.8. We are independent of the Companies and have no current or expected interest in the Companies or its assets. The fee paid for our services in no way influenced the results of our analysis.
- 6.9. Our report is not, nor should it be construed as our opining or certifying the compliance with the provisions of any law including companies, competition, taxation, and capital market related laws or as regards any legal implications or issues arising in India or abroad from the Proposed Merger.
- 6.10. Any person/party intending to provide finance/divest/invest in the shares/convertible instruments/business of the Companies 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.
- 6.11. The decision to carry out the Proposed Transaction (including consideration thereof) lies entirely with the parties concerned and our work and our finding shall not constitute a recommendation as to whether or not the parties should carry out the Proposed Merger.
- 6.12. Our Report is meant for the purpose mentioned in Para 1 only and should not be used for any purpose other than the purpose mentioned therein. It is exclusively for the use of the Company and may be submitted to the National Company Law Tribunal / regulatory /statutory authority for obtaining requisite approvals. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared. In no event, regardless of whether consent has been provided, shall SSPA assume any responsibility to any third party to whom the report is disclosed or otherwise made available.
- 6.13. SSPA nor its partners, managers, employees make any representation or warranty, express or implied, as to the accuracy, reasonableness, or completeness of the information, based on which this report is issued. We owe responsibility only to the Company that has appointed us under the terms of the Engagement Letter. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions, or advice



given by any other person. In no event shall we be liable for any loss, damages, cost, or expenses arising in any way from fraudulent acts, misrepresentations, or willful default on part of the client or companies, their directors, employees, or agents.

**7. CONCLUSION**

As mentioned in para 1.5 above and as per the draft Scheme, no shares of TCL are proposed to be issued nor any payment is proposed to be made in cash by TCL in consideration of merger of TCFSL with TCL as TCFSL is a wholly owned subsidiary of TCL as on date.

In our opinion, the above is fair, since TCFSL is a wholly owned subsidiary of TCL and therefore shareholders of TCL are the ultimate beneficial owners of TCFSL which they will continue to remain of the amalgamated entity i.e. TCL. Accordingly, valuation approaches as indicated in the format (as attached herewith as **Annexure I** to this report) as prescribed by circular number NSE/CML/2017/12 of NSE and LIST/COMP/02/2017-18 of BSE have not been undertaken as they are not relevant in the instant case.

Thanking you,  
Yours faithfully,

**For SSPA & CO.**

**Chartered Accountants**

ICAI Firm registration number: 128851W

IBBI Registered Valuer No.: IBBI/RV-E/06/2020/126

*Parag S. Ved*



**Parag Ved**

**Partner**

ICAI Membership No. 102432

Registered Valuer No.: IBBI/RV/06/2018/10092

UDIN: 23102432BGUAJJ7624

Place: Mumbai

Date: March 28, 2023

Annexure I

For Merger of TCFSL with TCL

Valuation Approach	TCFSL		TCL	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach	NA	NA	NA	NA
Income Approach	NA	NA	NA	NA
Market Approach	NA	NA	NA	NA
<b>Relative value per share</b>	<b>NA</b>		<b>NA</b>	

NA = Not Adopted/ Not Applicable

As explained in Para 7 above, TCFSL is wholly owned subsidiary of TCL, no additional equity shares will be issued in lieu of the existing equity shares of TCFSL and the existing issued and paid up equity share capital of TCFSL will be cancelled. Therefore, we have not carried out any valuation.

