

STRICTLY PRIVATE & CONFIDENTIAL

March 28, 2023

To,

The Audit Committee and the Board of Directors

Tata Capital Limited

11th Floor, Tower A,
Peninsula Business Park,
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai - 400 013.

The Audit Committee and the Board of Directors Tata Capital

Financial Services Limited

11th Floor, Tower A,
Peninsula Business Park,
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai - 400 013.

Sub: Fairness Opinion on Valuation Report in relation to Non-Convertible Debentures for the proposed Merger of Tata Capital Financial Services Limited into Tata Capital Limited under a Scheme of Arrangement.

Dear Sir(s),

We refer to our engagement letter dated February 16, 2023 and discussion wherein the management of Tata Capital Financial Services Limited Ltd (hereinafter collectively referred to as the 'Management') has requested Fortress Capital Management Services Private Limited (hereinafter referred to as "we" or "Fortress"), a SEBI Registered Category I Merchant Banker to give a fairness opinion on the Valuation Report in connection with the Non-convertible Debentures ('NCDs') issued by SSPA & Co., Chartered Accountants (hereinafter referred to as "Valuer") in connection with the proposed merger of Tata Capital Financial Services Limited (hereinafter referred to as "TCFSL") with Tata Capital Limited (hereinafter referred to as "TCL") under a Scheme of Arrangement. TCL and TCFSL are hereinafter collectively referred to as the "Companies".

Page 1 of 6

Fortress Capital Management Services Pvt. Ltd. CIN : U67120MH2004PTC145815

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Registered office : Daryanagar House, 2nd Floor, 69 Maharshi Karve Road, Marine Lines, Mumbai 400 002, India. Tel : +91 (22) 6288 7373



1. COMPANIES' BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

- 1.1 We have been informed by the Management that they are considering a proposal of merger of TCFSL with TCL (hereinafter referred to as the "Proposed Merger" or "Proposed Transaction") pursuant to the scheme for the arrangement (hereinafter referred to as "Scheme") between the Companies in accordance with the provisions of sections 230 to 232 read with section 66 and other applicable provisions of the Companies Act, 2013 and rules made thereunder. Subject to necessary approvals, TCFSL would merge with TCL, with effect from appointed date as mentioned in the draft scheme..
- 1.2 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').
- 1.3 In connection with the Proposed Merger, the NCDs of TCFSL will be transferred to TCL at exactly same terms as the respective NCDs of TCFSL. Pursuant to the Proposed Merger, NCD holders of TCFSL would hold NCDs of TCL.

1.4 **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.

1.5 **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.

- 1.6 In this regard Valuer was appointed to recommend the NCD exchange ratio in connection with the proposed merger of TCFSL with TCL under the Scheme.
- 1.7 Accordingly, we have been appointed in the capacity of SEBI Registered Category I Merchant Banker to give a fairness opinion on the NCD exchange ratio recommended by Valuer in connection with the proposed merger of TCFSL with TCL under the Scheme to comply with SEBI Guidelines.
- 1.8 The information contained in our report herein is confidential. It is intended for the sole use of captioned purpose including for obtaining the requisite statutory approvals.

2. SOURCES OF INFORMATION

For the purposes of this exercise, we have relied upon the following sources of information:

- (a) Draft Scheme between TCL and TCFSL under section 230 to 232 read with section 66 and other applicable provisions of the Companies Act, 2013 and the rules made there under.
- (b) Limited Review unaudited financial results of Companies for 9 months period ended December 31, 2022.
- (c) Details and Terms of NCDs of TCL and TCFSL such as credit rating, coupon rates, tenure, redemption price and quantum and nature of security.
- (d) Valuation Report dated March 28, 2023 issued by Valuer.
- (e) Such other information and explanations as we required and which have been provided by the management including Management Representations of TCL, TCFSL, and Valuer.

3. EXCLUSIONS AND LIMITATIONS

- 3.1 Our conclusion is based on the information furnished to us being complete and accurate in all material respects.



- 3.2 We have been represented by the Management of the Companies that the Companies have clear and valid title of assets. No investigation on Companies claim to title of their assets has been made and their claim to such rights has been assumed to be valid.
- 3.3 Our work does not constitute verification of historical financials or including the working results of the Companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
- 3.4 Our opinion is not intended to and does not constitute a recommendation to any shareholders as to how such shareholder should vote or act in connection with the Scheme or any matter related therein.
- 3.5 The fee for the engagement and this report is not contingent upon the results reported.
- 3.6 Our liability (statutory or otherwise) for any economic loss or damage arising out of the rendering this Opinion shall be limited to amount of fees received for rendering this Opinion as per our engagement.
- 3.7 Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed amalgamation with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.
- 3.8 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.
- 3.9 This Fairness Opinion (“Opinion”) 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 Opinion 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 Opinion may affect the opinion and assumptions used in preparing it and we do not assume any obligation to update, revise or reaffirm this Fairness Opinion.
- 3.10 We do not express any opinion as to the price at which shares of the Company may trade at any time, including subsequent to the date of this opinion.



- 3.11 This Fairness Opinion has been issued for the sole purpose to facilitate the Companies to comply with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/665 dated November 23, 2021 relating to Scheme of Arrangement by Listed Entities, it shall not be valid for any other purpose and 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 we assume any responsibility to any third party to whom the report is disclosed or otherwise made available.
- 3.12 Fortress nor its directors, managers, employees make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the fairness opinion is provided. All such parties expressly disclaim any and all liability for/or based on or relating to any such information contained in the fairness opinion.

4. REVIEW OF DOCUMENTS

For arriving at the opinion we have reviewed the following documents:

- Draft Scheme of Arrangement.
- Shareholding Pattern of TCFSL.
- Limited Review Financial results of the Companies for the 9 months period ended December 31, 2022
- Details and Terms of NCDs of TCL and TCFSL such as credit rating, coupon rates, tenure, redemption price and quantum and nature of security
- Valuation Report dated March 28, 2023 of Valuer.
- Explanation and information provided by the Management of Companies and Valuer.



5. VALUATION METHODOLOGY ADOPTED BY VALUER

For the purposes Valuation and recommending the NCD exchange ratio, the Valuer has determined the relative value of NCDs of TCFSL and the value of NCDs of TCL proposed to be held by NCD holders of TCFSL after comparing the credit rating, coupon rates, tenure, redemption price and quantum and nature of security of NCDs of TCFSL and TCL for the proposed merger of TCFSL with TCL, to assess the difference in market yields of NCDs, if any.

6. CONCLUSION

6.1 We have reviewed the methodology and underlying assumptions as mentioned above used by the Valuer for the purposes of recommending the NCD exchange ratio in connection with the proposed merger of TCFSL with TCL.

6.2 **On the basis of and subject to the foregoing, to the best of our knowledge and belief and based on the information and explanation provided to us, in our opinion, the NCD exchange ratio for the proposed merger of TCFSL with TCL of**

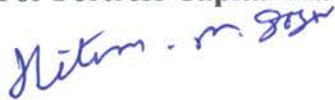
“For every 1 (One) NCD of TCFSL: 1 (One) NCD of TCL of the equivalent face and paid-up value, coupon rate, tenure, redemption price and quantum and nature of security offered, etc.”

recommended by Valuer is fair and reasonable.

Thanking you,

Yours faithfully,

For Fortress Capital Management Services Pvt. Ltd.



Authorized Signatory

Place: Mumbai

SEBI Registration No.: INM000011146

