



REPORT ADOPTED BY THE BOARD OF DIRECTORS OF TATA MOTORS FINANCE LIMITED (FORMERLY TATA MOTORS FINANCE SOLUTIONS LIMITED) AT ITS MEETING HELD ON JUNE 04, 2024 EXPLAINING THE EFFECT OF THE SCHEME OF AMALGAMATION AMONGST TATA MOTORS FINANCE LIMITED AND TATA CAPITAL LIMITED AND THEIR RESPECTIVE SHAREHOLDERS, ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS, EMPLOYEES, CREDITORS AND DEBENTURE HOLDERS

A. Background:

1. It is proposed to effect a scheme of amalgamation for the amalgamation of the Company with Tata Capital Limited ("TCL"), a non-banking financial company operating as an non-banking financial company - Investment and Credit Company, to be filed before the Mumbai bench of Hon'ble National Company Law Tribunal pursuant to sections 230- 232 read with section 52 and section 66 and other applicable provisions of the Companies Act, 2013 ("**Scheme**") ("**Proposed Amalgamation**").

2. Rationale of the Scheme

The Proposed Amalgamation would, *inter-alia*, have the following benefits:

- (a) Consolidation of businesses would help in achieving the greater scale i.e., leading to the creation of a larger unified financial services entity with a wider geographical reach, stronger capital and asset base;
- (b) Generate significant business synergies thereby enhancing stakeholders' value;
- (c) Drive diversification and provide integrated solutions to the enhanced customer base;
- (d) Providing differentiated growth opportunities to the employees; and
- (e) The Parties have a proven track record in the respective businesses of credit and consolidating those will lead to pooling of knowledge and expertise.

3. In terms of Section 232(2)(c) of the Companies Act, 2013, a report from the Board of the Company explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company, setting out, among other things, the share exchange ratio, specifying any special valuation difficulties, is required to be adopted by the Board. Such report is then required to be appended with the notice of the meeting of shareholders and creditors if ordered by the jurisdictional National Company Law Tribunal. Further, pursuant to Chapter XII of the SEBI Master Circular No. SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/48 dated May 21, 2024 (as amended from time to time) ("**Debt Circular**"), a report from the board of directors of the listed entity recommending the draft Scheme taking into consideration, *inter-alia*, the valuation report and ensuring that the scheme is not detrimental to the holders of the non-convertible debentures ("**NCDs**") is required to be submitted to the stock exchanges and such report is required to comment on the following: (i) Impact of the scheme on the holders

TATA MOTORS FINANCE LIMITED

(Formerly Tata Motors Finance Solutions Limited)

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- of NCDs; (ii) safeguards for the protection of holders of NCDs; and (iii) exit offer to the dissenting holders of NCDs, if any.
4. Accordingly, this report of the Board is prepared to comply with the aforesaid requirements of Section 232(2)(c) of the Act and the Debt Circular.
 5. While deliberating on the Scheme, the Board, *inter-alia*, considered and took on record the following documents:
 - (a) A draft of the proposed Scheme;
 - (b) Valuation report dated June 04, 2024, as issued by PwC Business Consulting Services, LLP, registered valuer, *inter alia*, setting out the share exchange ratio for issue of equity shares of TCL to the equity shareholders of the Company pursuant to the Scheme and commenting on the impact of the Scheme on the non-convertible debenture holders of the Company;
 - (c) Fairness Opinion dated June 04, 2024, issued by Axis Capital Limited, merchant banker registered with SEBI, on the valuation report issued by the registered valuers;
 - (d) Draft auditor certificate dated June 04, 2024 issued by M/s Kalyaniwalla & Mistry, LLP, Chartered Accountants statutory auditors of the Company ("**Accounting Treatment Certificate**"); and
 - (e) Other presentations, reports, documents and information pertaining to the draft Scheme made available or circulated to the Board.
 6. The Scheme, amongst others, contemplates the following arrangements:
 - (a) Amalgamation of the Company with and into TCL and that upon the coming into effect of the Scheme and with effect from the Appointed Date (*as defined in the Scheme*), the Company shall stand amalgamated into TCL and undertaking of the Company shall pursuant to the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 be and stand transferred to and vested in and/ or be deemed to have been transferred to and vested in TCL, as a going concern;
 - (b) The consequent dissolution of the Company without being wound up, and the issuance of fully paid up equity shares of TCL, free and clear from all encumbrances to the equity shareholders of the Company in accordance with the Share Exchange Ratio (*as defined below*); and
 - (c) Reduction of securities premium of TCL in the manner set out in Part IV of the Scheme.
- B. **Effect of the Scheme on equity shareholders (promoter shareholders and non-promoter shareholders), key managerial personnel, debenture holders, creditors, employees and directors of Tata Motors Finance Limited:**
1. **Effect on each class of shareholders (promoter shareholders and non-promoter shareholders):**

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Pursuant to the Scheme, the Undertaking (as defined in the Scheme) of the Company shall be transferred to and vested in TCL.

Upon the Scheme becoming effective and upon amalgamation of the Company into TCL in terms of the Scheme, TCL shall issue and allot to the equity shareholders of the Company whose names appear on the register of members as a member of the Company on the Record Date (as defined in the Scheme) or whose names appear as the beneficial owners of the equity shares of the Company in the records of the depositories/ register of members, as the case may be, as on the Record Date, or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of TCL, fully paid up equity shares, free and clear from all encumbrances together with all rights and benefits attaching thereto in the following ratio:

"37 equity shares of face value of Rs. 10/- each of TCL shall be issued and allotted as fully paid up for every 100 equity shares of the face value of Rs. 100/- each fully paid up held in the Company ("Share Exchange Ratio")".

The Share Exchange Ratio, based on the valuation report dated June 04, 2024 issued by PwC Business Consulting Services, LLP and the fairness opinion dated June 04, 2024 issued by Axis Capital Limited, has been duly considered by the Board of Directors of the Company and the Board has come to the conclusion that Share Exchange Ratio is fair and reasonable.

The equity shares so issued and allotted as provided above shall be subject to the provisions of the Memorandum and Articles of Association of TCL and shall rank *pari-passu* in all respects with the equity shares of TCL after the Effective Date (as defined in the Scheme).

2. Effect on the Key Managerial Personnel: Upon the Scheme becoming effective, all employees of the Company (including the key managerial personnel) will stand transferred to TCL and will become the employees of TCL on the same terms and conditions or such terms which shall not be less favourable than those on which they are employed by the Company.
3. Effect on the creditors: Under the Scheme, there is no arrangement with the creditors (secured or unsecured) of the Company. No compromise is offered under the Scheme to any of the creditors of the Company. The liability of the creditors of the Company, under the Scheme, is neither being reduced nor being extinguished.
4. Effect on staff or employees: Upon the Scheme becoming effective, all employees of the Company will stand transferred to TCL and will become the employees of TCL on the same terms and conditions or such terms which shall not be less favourable than those on which they are employed by the Company.
5. Effect and impact on the holders of debentures and safeguards for the protection of the debenture holders: There will not be any impact on the debenture holders of the Company pursuant to the Scheme. The current debenture holders of the Company will be served by TCL. Thus, the Scheme envisages that the holders of NCDs of the Company will become holders of NCDs of TCL at exactly the same terms, including the coupon rate, tenure, redemption price, quantum, and nature of security, ISIN,

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respectively. Therefore, the Scheme will not have any adverse impact on the holders of the NCDs and thus adequately safeguards interests of the holders of the NCDs.

6. Exit offer to the dissenting holders of the debentures of the Company: The NCDs of the Company will continue to be freely tradable and listed on the relevant Stock Exchanges, thereby providing liquidity to holders of NCDs of the Company.

C. Conclusion

While deliberating the Scheme, the Board has considered its impact on each of the shareholders, promoters, non-promoter shareholders, key managerial personnel, creditors, holders of NCDs and employees. The Scheme is in the best interest of the shareholders, promoters and non-promoter shareholders, key managerial personnel, creditors, holders of NCDs and employees of the Company and there shall be no prejudice caused to them in any manner by the Scheme.

By order of the Board

For Tata Motors Finance Limited
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Samrat Gupta
Managing Director & CEO
DIN: 07071479

Date: June 04, 2024
Place: Mumbai

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