

PRIVATE AND CONFIDENTIAL20th March 2024

To,
 The Board of Directors,
 TVS Motor Company Limited
 "Chaitanya" No. 12,
 Khader Nawaz Khan Road,
 Nungambakkam,
 Chennai – 600006,
 Tamil Nadu

Dear Sir,

Reg: Fairness Opinion in connection with the scheme of arrangement between TVS Motor Company Limited ("TVSM") and its shareholders for issuance of 6% Cumulative Non-convertible Redeemable Preference Shares (NCRPS) to its equity shareholders by way of bonus in the ratio of 4:1.

PL Capital Markets Private Limited ("PL" or "we" or "us") is a Category I Merchant Banker registered with Securities Exchange Board of India ("SEBI"). We understand that the Board of Directors of TVS Motor Company Limited is contemplating a Scheme of Arrangement ("Scheme") between TVS Motor Company Limited and its shareholders for issuance of 6% Cumulative Non-convertible Redeemable Preference Shares (NCRPS) to its equity shareholders by way of bonus. The proposed scheme is to be carried out pursuant to the Scheme of Arrangement under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

In connection with the aforesaid, we have been requested by the Board of Directors of TVSM to issue a Fairness Opinion as of the date hereof, as to the fairness of the Issue of NCRPS by way of Bonus to the Equity Shareholders of TVSM, in terms of SEBI Master Circular number SEBI/HO/DDHS/POD1/P/CIR/2023/108 dated 29th July 2022. We have perused the documents / information provided by you in respect of the said Arrangement and the Valuation Report as issued by Bansi S. Mehta Valuers LLP ("BMV") dated 20th March 2024 and state as follows:

Company Profile:

TVS Motor Company Limited is a company incorporated under the Companies Act, 1956 with its registered office at "Chaitanya" No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai – 600006. TVSM is a reputed two and three-wheeler manufacturer globally, championing progress through Sustainable Mobility with its four state-of-the-art manufacturing facilities in Hosur, Mysuru and Nalagarh in India and Karawang in Indonesia. The Company is listed on both, the National Stock Exchange of India Limited and BSE Limited.

Rationale of the Report:

- The Company has built up substantial surplus reserves, over the years from its retained profits. The surplus reserves are well above the Company's current and likely immediate future business needs.
- Further, upon taking into consideration the Company's capability to generate strong free cash flow in the foreseeable future and the surplus reserves being more than what is needed to fund the

**PL Capital Markets Private Limited***Page 1 of 4***Registered Office :** 3rd Floor, Sadhana House, 570, P.B. Marg, Behind Mahindra Tower, Worli, Mumbai - 400018**Corporate Office :** 6th Floor, Tower 2B South Annex, One World Centre, Senapati Bapat Marg, Lower Parel, Mumbai - 400013

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Company's future growth, the Company is of the view that these excess funds can be optimally utilized to reward its shareholders.

- Accordingly, the Company has proposed inter alia, to distribute such funds amongst its shareholders by issuing fully paid up NCRPS by way of bonus in terms of this Scheme.
- The NCRPS will be a listed security and while giving near-cash (traded, encashable) instrument in the hands of shareholders, give increased flexibility to the Company in managing its liquidity until redemption.
- In view of the aforesaid factors, the Company has concluded that it can optimally utilize its surplus reserves by distributing a considerable portion of the same to its equity shareholders. In order to maintain high level of corporate governance and transparency, the Company proposes issuance of NCRPS by way of bonus to its equity shareholders under Sections 230 to 232 of the Act which will be subject to necessary statutory, regulatory and corporate approvals.
- The proposed Scheme is in the interest of the shareholders of the Company and it is not detrimental to the interest of other stakeholders.

Sources of Information:

For arriving at the Fairness Opinion set forth below, we have relied upon the following sources of information:

- Valuation Report by Bansi S. Mehta Valuers LLP dated 20th March 2024;
- Draft Scheme of Arrangement between TVSM and its Shareholders;
- Limited Review Financial Statements for the quarter and nine months ended 31st December 2023;
- Other information as available in the public domain.

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our Analysis.

Our Recommendation:

As stated in the Valuation Report by Bansi S. Mehta Valuers LLP, they have opined the following:

"4 Bonus Redeemable Preference Shares allotted for each equity shares held in TVSM would have no impact on its Non-convertible Debenture holders"

The aforesaid scheme shall be pursuant to the Draft Scheme of Arrangement and shall be subject to applicable law, as may be applicable and other statutory approvals as may be required. The detailed terms and conditions of the scheme are more fully set forth in the Draft Scheme of Arrangement. PL has issued the Fairness Opinion with the understanding that Draft Scheme of Arrangement shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final Scheme of Arrangement alters the transaction.

Based on the information, data made available to us, including the Valuation Report, to the best of our knowledge and belief, the issue of 6% Cumulative Non-convertible Redeemable Preference Shares to its equity shareholders by way of bonus in the ratio of 4:1, would have no impact on its Non-convertible



Debenture holders as opined by Bansi S. Mehta Valuers LLP in relation to the proposed Draft Scheme of Arrangement is Fair to the Non-convertible Debenture holders in our opinion.

Exclusions and Limitations:

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by TVSM for the purpose of this opinion. Our work does not constitute an audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of TVSM. We have solely relied upon the information provided to us by TVSM. We have not reviewed any books or records of TVSM (other than those provided or made available to us). We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of TVSM and neither express any opinion with respect thereto nor accept any responsibility therefore. We have not made any independent valuation or appraisal of the assets or liabilities of TVSM. We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by TVSM for the purpose of this opinion. We are not experts in the evaluation of litigation or other actual or threaten claims and hence have not commented on the effect of such litigation or claims on this opinion. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of TVSM with respect to these matters. In addition, we have assumed that the Draft Scheme of Arrangement will be approved by the regulatory authorities and that the proposed Transaction will be consummated substantially in accordance with the terms set forth in the Draft Scheme of Arrangement.

We understand that the management of TVSM during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Draft Scheme of Arrangement, no restrictions will be imposed that will have a material adverse effect on the benefits of the Transaction that TVSM may have contemplated. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra-ordinary transaction involving TVSM or any of its assets, nor did we negotiate with any other party in this regard.

We have acted as a financial advisor to TVSM for providing a Fairness Opinion and will receive a fee for our services.

In the ordinary course of business, PL is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of PL may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the Transaction.

The Fairness Opinion is addressed only to the Board of Directors of TVSM and is for the purpose of submission to the Stock Exchanges under the SEBI Circular. Further, the Fairness Opinion may be disclosed on the website of TVSM and the Stock Exchanges and also be made part of the explanatory statement to be circulated to the shareholders and / or creditors of the Company. The Fairness Opinion should be read in totality and not in parts. The Fairness Opinion shall not otherwise be disclosed or referred to publicly or to any other third party without PL's prior written consent. If this Fairness Opinion is used by any person other



than whom it is addressed or for any purpose other than the purpose state hereinabove, then we will not be liable for any consequences thereof.

We express no opinion whatever and make no recommendation at all as to TVSM's underlying decision to effect to the proposed Transaction or as to how the holders of equity shares or preference shares or secured or unsecured creditors of TVSM should vote at their respective meetings, if any, held in connection with the Transaction. We do not express and should not be deemed to have expressed any views on any other terms of Transaction. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of TVSM will trade following the announcement of the Transaction or as to the financial performance of TVSM following the consummation of the Transaction.

In no circumstances however, will PL Capital Markets Private Limited or its associates, directors or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on PL Capital Markets Private Limited or its associates, directors or employees by any third party, TVSM and their affiliates shall indemnify them.

For PL Capital Markets Private Limited



Radha Kirthivasan
Director – Equity Capital Markets

