



Strictly Private and Confidential

Date: 09th February 2022

To,
The Board of Directors
Sundaram-Clayton Limited
Chaitanya, No. 12, Khader Nawaz Khan Road,
Nungambakkam, Chennai – 600 006

Dear Sirs/Madams,

Subject: Fairness Opinion on the share entitlement ratios as suggested by the appointed registered valuer Ms. Drushti Desai, for the proposed transfers pursuant to the Draft Composite Scheme Of Arrangement Amongst Sundaram-Clayton Limited ("SCL") And TVS Holdings Private Limited ("THPL") And VS Investments Private Limited ("VIPL") And Sundaram-Clayton DCD Private Limited ("SCDPL") And Their Respective Shareholders And Creditors

We, SBI Capital Markets Limited (hereinafter referred to as "SBICAP"), understand that pursuant to a draft composite scheme of arrangement (the "Proposed Scheme"), under sections 230 to 232 of the Companies Act, 2013, including rules and regulations made thereunder, amongst Sundaram-Clayton Limited ("SCL" or "Transferee Company" or "Demerged Company") And TVS Holdings Private Limited ("THPL" or "Transferor Company 1") And VS Investments Private Limited ("VIPL" or "Transferor Company 2") And Sundaram-Clayton DCD Private Limited ("SCDPL") And Their Respective Shareholders And Creditors, amalgamation of THPL into SCL and amalgamation of VIPL into SCL (Collectively "Proposed Amalgamation") and demerger of SCL ("Proposed Demerger") are proposed.

SCL, THPL, VIPL and SCDPL are individually or collectively referred to as the "Transacting Companies".

We further understand that Management of SCL ("Management") has obtained a report dated 09th February 2022 (the "Report") from Drushti R. Desai, - Registered Valuer (the "Registered Valuer" or "DD"), recommending the fair ratio of share entitlement to the shareholders of the SCL, THPL and VIPL on the Proposed Transfers.

In this regard, SBICAP has been requested by the Management to give a "Fairness Opinion Report" on the fair ratio of share entitlement mentioned above and set out in the Report.

SBICAP has not undertaken the valuation of the Transacting Companies. The valuation exercise for the Proposed Scheme has been done by DD. We have examined the Report dated 09th February 2022 submitted by DD to the Transacting Companies. We have not independently checked or verified the assumptions made by DD. We have reviewed the historical financial and business

SBI CAPITAL MARKETS LIMITED

Registered Office: 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005. Tel: +91 22 22178300, Fax: +91 22 22188332

Email: corporate.office@sbicaps.com Web: www.sbicaps.com CIN: U99999MH1986PLC040298

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information of the Transacting Entities and other relevant information from publicly available sources, and have taken into account such other matters as we deemed necessary including our assessment of general economic, market and monetary conditions.

For arriving at the opinion, we have used the below information:

- Reviewed the draft of the composite scheme of arrangement
- Reviewed the Report issued by Registered Valuer
- Received and reviewed explanations and information provided by the Management and representatives of the Transacting Companies

In addition to the above, we have had discussions with the representatives of the Transacting Companies and Registered Valuer on the business operations of Transacting Companies, draft of the composite scheme of arrangement, Report issued by Registered Valuer and on such matters which we believe are necessary or appropriate for the purpose of issuing the Fairness Opinion Report.

We have not conducted any evaluation of the solvency or fair value of the Transacting Companies, under any laws relating to bankruptcy, insolvency or similar matters. In addition, we have not assumed any obligation to conduct any physical inspection of the properties or facilities of the Transacting Companies. We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial documents provided to us; we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the Transacting Companies.

Our Fairness Opinion Report does not factor overall economic environment risk and other risks and is purely based on the information and representations provided to us. We have not assumed the risk of any material adverse change having an impact on the business of the Transacting Companies. It should be understood that in case of any subsequent developments we do not have any obligation to update, revise, or reaffirm this Fairness Opinion Report.

We express no view as to, and our Fairness Opinion Report does not address, the underlying business decision of Transacting Companies to effect the Proposed Scheme or the merits of the Proposed Scheme nor does it constitute any kind of recommendation to any shareholder or creditor of the Transacting Companies as regards to the Proposed Scheme or any matter related thereto. In addition, this Fairness Opinion Report does not address the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of the Transacting Companies. The Fairness Opinion relies upon the truth of the information that all direct and contingent liabilities of the Transacting Companies have been factored in the Report for arriving of the share entitlement ratios. The Fairness Opinion Report relies upon the truth of the information

that there are no defaults to the Lenders of the Transacting Companies as on date of the Report. We are not expressing any suggestion or opinion herein as to the price at which the shares of SCL will trade following the announcement of consummation of the Proposed Scheme. To the extent that the conclusions are based on projections, SBICAP expresses no opinion on the achievability of those forecasts.

This Fairness Opinion Report is provided solely for the benefit of the Board of Directors of the SCL and shall not confer rights or remedies upon, any shareholder of the Transacting Companies or any other person other than the members of the Board of Directors of SCL or be used for any other purpose. This Fairness Opinion Report is only a free and fair opinion and does not constitute a commitment by SBICAP to underwrite, subscribe for or place any securities or to extend or arrange credit or to provide any other services. Disputes, if any, regarding this Fairness Opinion Report will be governed by and construed in accordance with the laws of India and the Courts in Mumbai, India shall have exclusive jurisdiction in this regard.

As per the report dated 09th February 2022 issued by the Registered Valuer, fair ratios of share entitlement for the proposed transfers would be as follows:

1. For merger of THPL into SCL: For 20,00,00,000 Equity Shares of Re. 1 Each held in THPL, 1,30,94,460 Equity Shares of SCL of Rs. 5/- each and 1,51,89,57,360 Redeemable Preference Shares of SCL of Rs. 10/- each to be distributed among the shareholders of THPL in the proportion of their holding. In the event, THPL holds less than the above stated number of equity shares and RPS of SCL on the Appointed Date 2, the equity shares and RPS to be issued by SCL in consideration of the amalgamation of THPL shall stand reduced by such decreased number of equity shares and RPS held in SCL.
2. For merger of VIPL into SCL: For every 1,00,000 Equity Shares of Rs. 1/- each held in VIPL, 19 Equity Shares of SCL of Rs. 5/- each to be distributed among the shareholders of VIPL in the proportion of their holding.
3. For demerger of SCL: For every 1 Equity Share of Rs. 5/- each held in SCL, 1 Equity Shares of the Resulting Company of Rs. 5/- each and 1 RPS of Rs. 10/- each for every 1,000 RPS held in SCL.

On the basis of and subject to the foregoing, to the best of our knowledge and belief, it is our view that, as of the date hereof, the proposed share entitlement ratios set out above are fair, from a financial point of view.

Thanking you,

Yours faithfully,

For SBI Capital Markets Limited



Name: Punit Malik
Designation: Vice President

Disclaimer

This fairness opinion report ("Certificate" or "This certificate" or "this certificate" or "Fairness Opinion Report") contains proprietary and confidential information regarding Transacting Companies. This certificate is issued for the exclusive use and benefit of the SCL and/or Transacting Companies as per the Engagement letter dated 08th February 2022. This certificate has been issued by SBI Capital Markets Limited ("SBICAP"), on the basis of the information available in the public domain and sources believed to be reliable and the information provided by the Management and representatives of Transacting Companies, including the Report provided by Registered Valuer. This Certificate is issued by SBICAP in the capacity of an Independent merchant banker, on the Report dated 09th February 2022 issued by Registered Valuer.

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Transacting Companies Company agrees and understands that SBICAP is not a Registered Valuer pursuant to section 247 of the Companies Act, 2013 and Rules made thereunder. The Fairness Opinion Report issued by SBICAP, under this document, cannot be used by the recipient for the purposes that specifically require valuation from a Registered Valuer under the Companies Act, 2013 or any other law that requires valuation from such Registered Valuer.