REPORT ON

RECOMMENDATION OF SHARE ENTITLEMENT RATIO

FOR THE PROPOSED DEMERGER

OF

THE DEMERGED UNDERTAKING OF

TVS MOTOR COMPANY LIMITED

INTO

HARITA ARC LIMITED

AND IMPLICATIONS ON THE

LISTED NCD HOLDERS

ON THE PROPOSED DEMERGER

BANSI S. MEHTA VALUERS LLP.
Registered valuer – Securities or Financial Assets
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Glossary

Abbreviation	Definition
TVSM	TVS Motor Company Limited
TVSM WOS	Harita ARC Limited
Companies	Demerged Company and TVSM WOS
Demerged Company	TVS Motor Company Limited
Resulting Company	TVSM WOS
Demerged Undertaking	Consumer Finance and Related Business of TVSM
ICAI	Institute of Chartered Accountants of India
IVS	ICAI Valuation Standards
NCD	Non-Convertible Debentures
NCD Holders	Listed NCD Holders of TVSM
Remaining Business of Demerged Company	All the business, units, divisions, undertakings, and assets and liabilities of the Demerged Company other than the Demerged Undertaking
Report Date	Means the date of this Report
SEBI	Securities and Exchange Board of India
SEBI Master Circular -Equity	SEBI Circular No. SEBI/HO/CFD/POD-2/ P/CIR/2023/93 dated June 20, 2023, as amended from time to time or any other circulars issued by SEBI applicable to schemes of arrangement from time to time [pursuant to Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]
the Management	Management of TVSM & TVSM WOS



To,

The Board of Directors **TVS Motor Company Limited**	**The Board of Directors** **Harita ARC Limited**

Sub: Recommendation of Share Entitlement Ratio and Implication on the Listed NCD Holders for the Proposed Demerger of the Demerged Undertaking of TVS Motor Company Limited into Harita ARC Limited

Dear Sirs / Madam,

We refer to the engagement letter dated October 24, 2026, whereby TVS Motor Company Limited (hereinafter referred to as "TVSM") and Harita ARC Limited (hereinafter referred to as "TVSM WOS") have appointed Bansi S. Mehta Valuers LLP (hereinafter referred to as "BSM") to:

a) Recommend the fair share entitlement ratio ("Share Entitlement Ratio" or "Ratio") for the proposed demerger of the Demerged Undertaking of TVSM into TVSM WOS and

b) Comment on the impact of the Scheme on the NCD Holders of TVSM.

TVSM and TVSM WOS are hereinafter individually referred to as the "Company" or the "Client" and jointly referred to as the "Companies" or the "Clients".

BSM have been hereinafter referred to as "Valuer" in this Report ("the Report").

Share Entitlement Ratio means the ratio in which the equity shareholders of TVSM shall be entitled to receive equity shares of TVSM WOS.

Our deliverable for this engagement is this Report/Share Entitlement Ratio Report.

BACKGROUND OF THE COMPANIES

TVS Motor Company Limited is a public company, incorporated under the provisions of the Companies Act 1956 bearing CIN: L35921TN1992PLC022845 having its registered office at Chaitanya, No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006. TVSM is the third largest two-wheeler manufacturer globally and three-wheeler manufacturer, championing progress through sustainable mobility with its state-of-the-art manufacturing facilities in Hosur, Mysuru and Nalagarh in India and Karawang in Indonesia.

Harita ARC Limited is a company incorporated under the provisions of the Companies Act, 2013 ("Act"), having Corporate Identity Number U65999TN2017PLC118296 and its registered office at "Chaitanya", No. 12, Khader Nawaz Khan Road, Chennai - 600006.The Resulting Company is, inter alia, engaged in the financial service business. The Resulting Company is a wholly owned subsidiary of the Demerged Company.

"Demerged Undertaking" means the undertaking of the Demerged Company pertaining to the Consumer Finance and Related Business as described in the Scheme.

Equity shares of TVSM are listed on NSE & BSE and Equity Shares of TVSM WOS are not listed on any stock exchange.

NCDs of TVSM are listed on NSE.

BANSI S. MEHTA VALUERS LLP ★ REGISTERED VALUER ★

SCOPE AND PURPOSE OF THIS REPORT

There is a proposal before the Board of Directors of TVS Motor Company Limited ("TVSM" or "Demerged Company" or "Transferee Company") to consider:

- Amalgamation of TVS Motor Services Limited ("Transferor Company") with TVS Motor Company Limited ("Transferee Company"). Since the Transferor Company is the wholly owned subsidiary of Transferee Company there will be no shares issued as consideration. The said transaction is referred to as the "**Proposed Amalgamation"**.

- Demerger of the Demerged Undertaking of TVSM into Harita ARC Limited ("TVSM WOS" or "Resulting Company") under a composite scheme of arrangement under Sections 230 to 232 of the Companies Act, 2013, including the rules and regulations made thereunder (hereinafter referred to as "**the Scheme**" or "**the Proposed Scheme**"). Pursuant to the demerger, equity shares of TVSM WOS would be issued to the shareholders of TVSM as consideration for the proposed demerger. The said transaction is referred to as the "**Proposed Demerger"**.

The Proposed Amalgamation and the Proposed Demerger are planned to be carried out with effect from the Appointed Date, as specified in the Proposed Scheme.

In connection with the Proposed Scheme, the Board of Directors of TVSM and TVSM WOS have appointed BSM, Registered Valuers, to recommend the Share Entitlement Ratio and Comment on the impact of the Scheme NCD Holders; and provide a Registered Valuers' Report for recommending the Share Entitlement Ratio and Implication on NCD Holders of the Proposed Demerger, for the consideration of the Board of Directors of the Companies.

The Report will be used by the Companies only for the purpose, indicated in this Report, for which we have been appointed. The results of our analysis and our Report cannot be used or relied by the Clients for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person/ party for any decision of such person/ party based on this Report.

It is clarified that any reference to this Report in any document and/ or filing with any tribunal/ judicial/ regulatory authorities/ government authorities/ stock exchanges/ courts/ shareholders/ professional advisors/ merchant bankers, in connection with the Proposed Scheme, shall not be deemed to be an acceptance by the Valuers of any responsibility or liability to any person/ party other than to the respective Board of Directors.

The Report will be placed before the Audit Committee, and the Board of Directors of TVSM and TVSM WOS and such other committees as applicable.

BACKGROUND OF VALUER

Bansi S. Mehta Valuers LLP

BSM is a limited liability partnership firm, with its registered office at 11/13 Botawala Building, 2nd Floor, Horniman Circle, Fort, Mumbai – 400 001 BSM is engaged in providing valuation and related advisory services.

BSM is registered with IBBI as a Registered Valuer for asset class – Securities or Financial Asset with Registration Number: IBBI/RV – E /06/2022/172

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SOURCES OF INFORMATION

In connection with this exercise, we have relied on the following information received from Management:

- Brief Note on TVSM, TVSM WOS and Demerged Undertaking
- Shareholding pattern of the Demerged Company & TVSM WOS
- Composite Scheme of Arrangement amongst TVS Motor Services Limited, TVS Motor Company Limited and Harita ARC Limited and their respective shareholders and creditors
- Provisional Segmental Balance Sheet & Profit & Loss of the Demerged Undertaking for year ended March 31, 2026 and half year ended September 30, 2026.
- Terms of NCD's of Demerged Company
- Current Rating of NCD's and Expected Rating of NCD post the demerger
- Other relevant information.
- Other information as required from time to time.
- Answers to specific questions and issues raised by us after examining the foregoing data.

In addition, we have obtained information from public sources/ proprietary databases.

During discussions with the Management, we have also obtained explanations, information and representations, which we believed were reasonably necessary and relevant. The Clients have been provided with the opportunity to review the draft report (excluding the recommended Share Entitlement Ratio) as part of our standard practice to make sure that factual inaccuracy/ omissions are avoided in our Report

TVSM have informed us that JM Financial Limited, (referred to as "Fairness Team") have been jointly appointed by the Companies respectively to provide fairness opinion on the Share Entitlement Ratio and the Implication on NCD Holders for the purpose of the Proposed Scheme. At the request of the Companies, we have had discussions with the Fairness Team in respect of our respective valuation analysis.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our Clients are the only authorized users of this report and use of the Report is restricted for the purpose indicated in our respective engagement letters. This restriction does not preclude the Clients from providing a copy of the Report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this Report.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the Proposed Scheme, without our prior written consent. In addition, we express no opinion or recommendation as to how the shareholders/ creditors of either Company should vote at any shareholders'/ creditors' meeting(s) to be held in connection with the Proposed Scheme. Our report and the opinion contained herein is not and nor should it be construed as advice relating to investing in, purchasing, selling, or otherwise dealing in securities or as providing management services or carrying out management functions. It may be noted that this analysis does not represent a fairness opinion.

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the Client's existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.

The Clients and its Management/representatives represented to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the Clients, their Managements and other third parties, if any, concerning the financial data, operational data and other information, except as specifically stated to the contrary in the Report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the Companies, their directors, employee or agents.

Management has represented that the business activities of TVSM and TVSM WOS have been carried out in the normal and ordinary course between 30 September 2026 and the Report Date and that no material

adverse change has occurred in their respective operations and financial position between 30 September 2026 and the Report date.

Any person/ party intending to provide finance/ invest in the shares/ businesses of the companies/ their holding companies/ subsidiaries/ joint ventures/ associates/ investee/ group companies, if any, 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. If any person/ party (other than the Client) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to us. It is understood that this analysis does not represent a fairness opinion.

This Report is subject to the limitations detailed in our engagement letter. 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.

Information used by the Valuer in preparing this Report has been obtained from the Management as indicated within the Report. We have based our analysis on the financial and other data provided by the Management and discussions with the Management.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except 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 litigation and other contingent liabilities that are not recorded in the audited/unaudited balance sheet of the Companies. No investigation of the Companies' claims to title of assets has been made for the purpose of this Report and the Companies claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. We have not carried out any physical verification of the assets and liabilities of the Companies and take no responsibility for the identification of such assets and liabilities.

This Report does not look into the business/ commercial reasons behind Proposed Scheme nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Scheme as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

We are independent of the Companies and have no current or expected interest in the Companies or its assets. The fee for the engagement is not contingent upon the results reported.

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us.

Our analysis and result are governed by concept of materiality.

This Report is subject to the laws of India.

DISCLOSURE OF VALUERS' INTEREST OR CONFLICT, IF ANY AND OTHER AFFIRMATIVE STATEMENTS

We do not have any financial interest in the Clients, nor do we have any conflict of interest in carrying out this valuation.

Further, the information provided by the Management have been appropriately reviewed in carrying out the valuation.

BACKGROUND OF THE COMPANIES

TVS Motor Company Limited

The issued and subscribed equity share capital of TVS Motor Company Limited as at October 28, 2026, is ~INR 47.51 crores consisting of 47,50,87,114 equity shares of face value of INR 1 each. The shareholding pattern is as follows:

Shareholding Pattern as on October 28, 2026	No. of Shares	% Share Holding
Promoter & Promoter Group	**23,88,12,786**	**50.27%**
• TVS Holdings Limited	23,87,82,786	50.26%
• Mallika Srinivasan	30,000	0.01%
Public	**23,61,77,311**	**49.71%**
Shares Held by Employee Trust	**97,017**	**0.02%**
Grand Total	**47,50,87,114**	**100.00%**

Source: From BSE India Website (as at October 28, 2026)

Non-Convertible Debentures (NCDs) of TVSM

TVSM has issued the following Non-Convertible Debentures (NCDs), details of the said NCDs are given in Appendix B. The said NCDs are listed on NSE:

NCD	ISIN	INR in crores
NCD 1	INE494B08044	500.00
NCD 2	INE494B08051	1,000.00

Source: From Management (as at September 30, 2026)

Harita ARC Limited

The issued and subscribed equity share capital of Harita ARC Limited as of October 28, 2026, is ~INR 25,000 consisting of 2,500 equity shares of face value of INR 10 each. The shareholding pattern is as follows:

Shareholding Pattern as on October 28, 2026	No. of Shares	% Share Holding
Promoter & Promoter Group	**2,500**	**100.00%**
• TVS Motor Company Limited & its Nominees	2,500	100.00%
Grand Total	**2,500**	**100.00%**

Source: From Management (as at October 28, 2026)

Post cancellation of existing share capital pursuant to the Scheme, but before the issuance of new shares on demerger, the Resulting Company will split the authorised share capital from face value of Rs 10 each to face value of Re 1 each.

Consideration of Factors for Determination of Share Entitlement Ratio

For the purpose of arriving at the Share entitlement ratio for the Proposed Demerger, we have examined, considered and placed reliance on various details, data, documents, accounts, statements furnished and explanations and information given to us and have proceeded to find out the ratio on a consideration of the following factors:

- All the assets and the liabilities of TVSM relating to the Demerged Undertaking shall be transferred to TVSM WOS.
- As can be observed from the shareholding pattern, TVSM WOS is a wholly owned subsidiary of TVSM. Upon the Scheme being effective, the entire existing share capital of TVSM WOS shall stand cancelled and new shares shall be allotted to the shareholders of TVSM on the record date as defined in the Scheme. Therefore, only the shareholders of TVSM shall hold shares of TVSM WOS. Thus, effectively the shareholding in TVSM WOS would continue to mirror the shareholding of TVSM. Hence, the Proposed Demerger will not have any impact on the beneficial economic interest of the equity shareholders of TVSM as the equity shareholders of TVSM would continue to have the same economic interest in TVSM and TVSM WOS combined.

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- From the foregoing, it is evident that the question or aspect of adjusting the interest of equity shareholders between two or more disparate groups (which is ordinarily at the root of fixing such ratio of entitlement) is not relevant in this case due to mirroring of the shareholding in case of TVSM WOS and TVSM.
- Further, we have given due consideration to the twin factors of the level of paid-up equity share capital that is considered reasonable for the Demerged Undertaking proposed to be transferred to TVSM WOS and of avoiding fractions in the share entitlement.
- It may be noted that the Institute of Chartered Accountants of India (ICAI) on June 10, 2018 has issued the ICAI Valuation Standards ("**IVS**") effective for all the valuation reports issued on or after July 1, 2018. The IVS is mandatory for the valuation done under the Companies Act, 2013, and recommendatory for valuation carried out under other statutes/ requirements. **However, as the current exercise does not entail valuation, the question of following the Valuation Standards does not arise.**

FOR NCD HOLDERS

For the purpose of commenting on the impact of the Proposed Demerger on NCD Holders, we have examined, considered and placed reliance on various details, data, documents, accounts, statements furnished and explanations and information given to us and have proceeded to consider the following factors:

- The Proposed Scheme contemplates the Demerger of the Demerged Undertaking of TVSM into TVSM WOS.
- Pursuant to the Proposed Demerger, NCD Holders will continue to hold NCDs in Remaining Business of Demerged Company on the same terms, including the coupon rate, tenure, redemption price, quantum, and nature of security.
- Further, it is understood from the Management that the existing credit ratings of TVSM's NCDs is reasonably expected to remain the same for the Remaining Business of Demerged Company.
- We understand from the management that the PAT of TVSM for year ended March 31, 2026 is Rs. 3,615.22 Crores. The annual interest cost on NCD to be serviced by TVSM is Rs. 109.30 Crores. The repayment of the principal amount of NCD is Rs. 1,500 Crores which falls due in Financial Year 2029-2030. The Management expects the profits to enjoy a normal growth trend. Thus, TVSM will have sufficient financial strength to service the NCDs.
- In view of the above, the economic interest of TVSM's NCD Holders would remain unchanged post demerger of TVSM.
- The current exercise does not entail valuation, hence the question of following the ICAI Valuation Standards does not arise.

In view of the above, the economic interest and rights of TVSM NCD holders would remain unchanged pursuant to Proposed Scheme.

SHARE ENTITLEMENT RATIO

Based on the foregoing data, considerations and steps followed, in our opinion the Share Entitlement Ratio would be as follows:

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For Equity Shareholders

For every 1 (one) equity share of face and paid-up value of Rs 1/- (one) each held in Demerged Company, 1 (one) equity share of face and paid-up value of Rs. 1/- (one) each of the Resulting Company to be issued to the equity shareholders of Demerged Company.

Specific Consideration:

The SEBI Master Circular - Equity requires the valuation report for a scheme of arrangement to provide certain information in a specified format. The current transaction does not trigger the requirement for valuation under SEBI Master Circular - Equity since there is no change in shareholding. However, we have given in **Appendix A** the disclosure required under the specified format.

For **Bansi S. Mehta Valuers LLP**
Registered Valuer
IBBI Registration Number: IBBI/RV–E/06/2022/172



DRUSHTI DESAI
IBBI Registration Number: IBBI/RV/06/2019/10666
Partner
Date: October 28, 2026
UDIN: 26102062OBTCKD2541

Appendix A: Information required pursuant to SEBI Master Circular

As mentioned earlier, upon implementation of the Scheme, all the shareholders of TVSM would become shareholders of TVSM WOS resulting in a mirror image shareholding. Therefore, there is no change in shareholding as illustrated in Para 4(d) SEBI Circular No. SEBI/HO/CFD/POD-2/ P/CIR/2023/93 dated June 20, 2023. Therefore, we have not carried out a valuation of these entities under the generally accepted principles of valuation.

Valuation Approach	TVSM		TVSM WOS	
	Value per Share of TVSM for Demerged Undertaking (INR)	Weight	Value per Share of TVSM WOS(INR)	Weight
Asset Approach	NA	NA	NA	NA
Income Approach	NA	NA	NA	NA
Market Approach	NA	NA	NA	NA
Relative Value per Share	NA		NA	
Share Entitlement Ratio (A/B) (Rounded)	**NA**		**NA**	

NA stands for Not Applicable / Not Adopted



APPENDIX B : Terms of TVS Motor Company Limited's NCD

Particulars	NCD 1	NCD 2
ISIN	INE494B08044	INE494B08051
Face Value	Rs. 1,00,000	Rs. 1,00,000
Total No. of NCDs	50,000	1,00,000
Redemption Amount	Rs. 500 Crores	Rs. 1000 Crores
Listing Date	July 16th, 2026	August 7th, 2026
Maturity Date	July 17th, 2029	November 10th, 2029
Coupon Rate	7.30%	7.28%
Credit Rating	IND AAA/ Stable	CARE AAA; Stable

