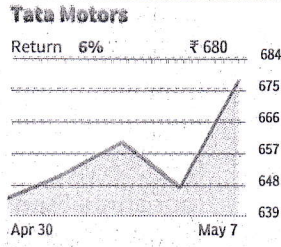


UK-FTA deal, nod for demerger drive Tata Motors stock 5%

Our Bureau
Chennai

Shares of Tata Motors jumped 5 per cent on Wednesday on a slew of positive news. The company, in a disclosure to the exchanges, said it has received shareholders' approval to split the company into two listed entities — passenger and commercial vehicles.

Earlier, Tata Motors had said it would separate its commercial vehicle arm from its passenger business, which houses the Jaguar Land Rover (JLR) brand, to unlock better growth prospects. Besides, a Free Trade Agreement (FTA) signed



between India and the UK also bolstered sentiment for Tata Motors.

According to BNP Paribas, most automotive manufacturing plants in the UK are of premium and luxury brands, such as Bentley, BMW, Rolls-Royce and Aston Martin. "While, among them, JLR could be a key beneficiary, we

note that one of its key models, Defender, is not manufactured in the UK. Also, JLR already uses its India-based assembly plant for several models to enjoy the lower duty," it said.

The demerger proposal was approved with 99.9995 per cent of votes, stated the auto major.

As part of the scheme, Tata Motors Ltd (TML) will demerge its CV into TMLCV (Tata Motors Light Commercial Vehicle). The PV business in TMPV (Tata Motors Passenger Vehicle) will be merged with TML. Existing shareholders will receive one share of the demerged company for each share they hold in Tata Motors.