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REPORT ON VALUATION OF EQUITY SHARES OF TIL LIMITED

1 BACKGROUND

1.1 TIL LIMITED

TIL Limited (hereinafter referred to as 'TIL' or the 'Company' or the 'Client') is engaged in the design, manufacture and marketing of a comprehensive range of material handling and port equipment for the Indian market, supported by an integrated after-sales support. The equity shares of TIL are listed on BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE').

As per the provisional unaudited standalone financial statements of the Company for the 9 months period ended December 31, 2024 ('9ME Dec24'), the issued, subscribed, and paid-up equity share capital of the Company as on December 31, 2024 is INR 66.60 crores and the revenue from operations of the Company for 9ME Dec24 is INR 213.76 crores.

1.2 The shareholding pattern of the Company as on date is as under:

Name of the shareholder	No. of shares	% of holding
Indocrest Defence Solutions Private Limited	4,55,77,433	68.43%
Public	2,10,24,623	31.57%
Total equity shares (face value of INR 10 each)	**6,66,02,056**	**100.00%**

2 SCOPE & PURPOSE OF THIS REPORT

2.1 We have been informed by the management of TIL (hereinafter referred to as the 'Management') that they are considering a proposal for the preferential issue of equity share warrants convertible into equivalent number of equity shares of the Company (hereinafter referred to as the 'Proposed Transaction').

2.2 In terms of Regulation 165 of Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018 ('SEBI ICDR Regulations') as amended from time to time, if the shares of the Company are not frequently traded (as per Regulation

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164(5) of SEBI ICDR Regulations) on recognised stock exchange, the price determined by the issuer shall take into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such company. In this connection, the Management wants to ascertain the fair value of equity shares of the Company for the purpose of regulatory requirements.

2.3 For this purpose, SSPA & Co., Chartered Accountants (hereinafter referred to as 'SSPA' or 'Registered Valuer' or 'Valuer' or 'We') have been requested by the Management vide engagement letter dated March 05, 2025 to carry out the fair valuation of equity shares of the Company.

2.4 Based on the discussion with the Management, the valuation date has been considered as March 20, 2025 ('Valuation Date').

2.5 For the purpose of this valuation, the bases of value is 'fair value' and the valuation is based on 'going concern' premise.

3 REGISTERED VALUER – SSPA & CO., CHARTERED ACCOUNTANTS

SSPA, is a partnership firm, located at 1st Floor, 'Arjun', Plot No. 6A, V. P. Road, Andheri (West), Mumbai - 400 058, India. SSPA is engaged in providing various corporate consultancy services.

We are a firm of practising Chartered Accountants registered with The Institute of Chartered Accountants of India ('ICAI'). We are also registered with the Insolvency and Bankruptcy Board of India ('IBBI'), as a Registered Valuer for asset class – 'Securities or Financial Assets' with Registration No. IBBI/RV-E/06/2020/126.

4 SOURCES OF INFORMATION

For the purpose of this valuation exercise, we have relied upon the following sources of information as provided to us by the Management and information available in public domain:

- Annual Report of the Company for the financial year ('FY') 2023-24.
- Management certified provisional unaudited balance sheet and profit and loss statement of the Company for the nine months period ended December 31, 2024 ('9ME Dec24').
- Financial projections of the Company comprising of profit & loss statement, balance sheet and capital expenditure requirements for the 3 months period ending March 31,

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2025 ('3ME Mar25') and from FY 2025-26 to FY 2029-30, as provided by the Management.

- Discussions with the Management on various issues relevant to valuation including prospects and outlook of the business, expected growth rate and other relevant information relating to future expected profitability.
- Such other information and explanations as we have required, and which have been provided by the Management, including management representation.

5 PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

In connection with this engagement, we have adopted the following procedures to carry out the valuation:

- Obtained financial and qualitative information from the Management.
- Used data available in public domain related to the Company and its peers.
- Discussions with the Management to understand the business and fundamental factors that affect the Company's earning-generating capability including historical financial performance and future outlook.
- Reviewed publicly available market data.
- Analysis of comparable companies using information available in public domain and / or proprietary database subscribed by us.
- Selection of well accepted valuation methodology /(ies) as considered appropriate by us.
- Arriving at the recommendation.

6 SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

6.1 Our report is subject to the scope and limitations detailed hereinafter. 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. Further, our valuation is in accordance with ICAI Valuation Standards 2018 issued by The Institute of Chartered Accountants of India.

6.2 Valuation is not a precise science and the conclusions arrived at will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While we have provided an assessment of value by applying certain formulae which are based on the information available, others may place a different value.

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6.3 The report assumes that the Company complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the Company will be managed in a competent and responsible manner. Further, 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 litigations and other contingent liabilities that are not recorded/reflected in the balance sheet provided to us.

6.4 The draft of the present report was circulated to the Management for confirming the facts stated in the report and to confirm that the information or facts stated are not erroneous.

6.5 Valuation analysis and results are specific to the purpose of valuation and the Valuation Date mentioned in the report and is as per agreed terms of our engagement.

6.6 For the purpose of this exercise, we were provided with both written and verbal information including information detailed hereinabove in para 'Sources of Information'. Further, the responsibility for the accuracy and completeness of the information provided to us by the Management and / or auditors / consultants of the Company, is that of the Management. Also, with respect to explanations and information sought from the Company, we have been given to understand by the Management that they have not omitted any relevant and material information about the Company. The Management have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/conclusions.

6.7 Our work does not constitute an audit, due diligence or certification of these information referred to in this report including information sourced from public domain. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report and consequential impact on the present exercise. However, we have evaluated the information provided to us by the Company through broad inquiry, analysis and review. However, nothing has come to our attention to indicate that the information provided / obtained was materially misstated / incorrect or would not afford reasonable grounds upon which to base the report.

6.8 Our valuation is based on the estimates of future financial performance of the Company as projected by the Management, which represents their view of reasonable expectation at the point of time when they were prepared, after giving due considerations to commercial and financial aspects of the Company and the industry in which the Company operates. But such information and estimates are not offered as assurances that the particular level of income or profit will be achieved, or events will occur as predicted. Actual results achieved

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during the period covered by the prospective financial statements may vary from those contained in the statement and the variation may be material. The fact that we have considered the projections in this exercise of valuation should not be construed or taken as our being associated with or a party to such projections.

6.9 We have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.

6.10 A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular. This report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Company and any other matter, which may have an impact on our opinion, on the value of the shares of the Company including any significant changes that have taken place or are likely to take place in the financial position of the Company. Events and transactions occurring after the date of this report may affect the report and assumptions used in preparing it and we do not assume any obligation to update, revise or reaffirm this report.

6.11 We are independent of the Company and have no current or expected interest in the Company or its assets. The fee paid for our services in no way influenced the results of our analysis.

6.12 Our report is not, nor should it be construed as our opining or certifying the compliance with the provisions of any law including companies, competition, taxation and capital market related laws or as regards any legal implications or issues arising in India or abroad from the Proposed Transaction.

6.13 Any person/party intending to provide finance/divest/invest in the shares/convertible instruments/business of the Company 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.

6.14 The decision to carry out the Proposed Transaction (including consideration thereof) lies entirely with the parties concerned and our work and our finding shall not constitute a

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recommendation as to whether or not the parties should carry out the Proposed Transaction.

6.15 Our Report is meant for the purpose mentioned in Para 2 only and should not be used for any purpose other than the purpose mentioned therein. It is exclusively for the use of the Company and may be submitted to regulatory/statutory authority for obtaining requisite approvals. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared. In no event, regardless of whether consent has been provided, shall SSPA assume any responsibility to any third party to whom the report is disclosed or otherwise made available.

6.16 SSPA nor its partners, managers, employees make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. We owe responsibility only to the Client that has appointed us under the terms of the engagement letter. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the Client or companies, their directors, employees or agents.

7 VALUATION APPROACHES AND METHODOLOGIES

There are various approaches/methods adopted for valuation of equity shares of the company. Certain approaches/methods are based on asset value of the company while certain other approaches are based on the earnings potential of the company. Each approach/method proceeds on different fundamental assumptions which have greater or lesser relevance and at times even no relevance, to a given situation. Thus, the approach/method to be adopted for a particular valuation exercise must be judiciously chosen.

7.1 MARKET APPROACH

The Market Approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

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Under the Market approach, the valuation is based on the following:

(a) market price of the shares of a company in case such shares are listed ('Market Price Method'); and / or

(b) prices paid in transaction(s) of subject asset to be valued or transaction multiples derived from prices paid in transaction(s) of comparable companies ('Comparable Transaction Multiple Method'); and / or

(c) market multiples derived from prices of comparable listed companies ('Comparable Companies' Multiple Method').

In the present case, the equity shares of the Company are not frequently traded on any stock exchanges and hence the Market Price Method cannot be considered. Further, sufficient and reliable details of comparable transactions are not available in public domain. Therefore, Comparable Transaction Multiple Method has not been adopted for the present valuation exercise.

Considering this, we have thought fit to consider Comparable Companies Multiple ('CCM') Method under the Market Approach for arriving at the value of equity shares of the Company.

Comparable Companies Multiple ('CCM') Method

Under CCM Method, the value of the company is determined by using multiples derived from valuations of listed comparable companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporates all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for material differences, if any. Various multiples viz. Enterprise Value ('EV') to Revenue Multiple, Enterprise Value to Earnings before Interest, Tax, Depreciation and Amortization (EV/EBITDA) Multiple, etc. can be used depending upon the nature of the business of the company being valued.

In the present case, EV/EBITDA Multiple of comparable listed companies have been considered to arrive at the value of equity shares of the Company.

7.2 **INCOME APPROACH**

Under the Income Approach, the equity shares of the company are valued using Discounted Cash Flow ('DCF') method. The DCF Method values the business by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows represent the cash available for distribution to both the owners and the creditors of the business. The free cash flows are discounted by Weighted Average Cost of Capital

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('WACC'). The WACC represents the returns expected by the investors of both debt and equity, weighted for their relative funding in the entity. The present value of the free cash flows during the explicit period and the perpetuity value indicates the value of the company.

7.3 **COST APPROACH**

The Cost Approach reflects the amount that would be required currently to replace the service capacity of an asset; often referred to as current replacement cost.

In the present case, the business of the Company is intended to be continued on a 'going concern' basis and there is no intention to dispose-off the assets, therefore the Cost Approach is not adopted for the present valuation exercise.

7.4 As *per Regulation 165 of SEBI (ICDR) Regulations as amended from time to time, 'where the shares of an issuer are not frequently traded, the price determined by the issuer shall take into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies'*

7.5 Considering the above, for the present valuation exercise, we have thought fit to use a combination of CCM Method under Market Approach and DCF Method under Income Approach for arriving at the fair value of equity shares of the Company as on the Valuation Date.

8 VALUATION OF EQUITY SHARES OF TIL AS PER CCM METHOD UNDER MARKET APPROACH

8.1 Under CCM Method, the value of equity shares of TIL is determined by using multiples derived from valuations of listed comparable companies. As mentioned above, this valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for material differences, if any.

In the present case, EV/EBITDA multiple of comparable listed companies are considered to arrive at EV of TIL.

8.2 To the value so arrived, appropriate adjustments have been made for contingent liabilities, loan funds, lease liabilities, value of investments, cash and cash equivalents and surplus assets after considering tax impact wherever applicable to arrive at the equity value of the Company.

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8.3 The equity value as arrived above is divided by outstanding number of equity shares of the Company as on the Valuation Date, to arrive at the value per equity share of the Company.

8.4 On the basis of the foregoing, the value per equity share (face value INR 10 per share) of the Company as per CCM Method under Market Approach works out to **INR 151.25** as on the Valuation Date.

9 VALUATION OF TIL AS PER DCF METHOD UNDER INCOME APPROACH

9.1 Under DCF method, the projected free cash flows from business operations, after considering fund requirements for projected capital expenditure and incremental working capital, are discounted at the WACC. The sum of the discounted value of such free cash flows and discounted value of perpetuity is the value of the business.

9.2 The free cash flows represent the cash available for distribution to both the owners and the creditors of the business. The free cash flows are determined by adding back to earnings before tax (i) interest on loans, if any, (ii) depreciation and amortizations (non-cash charge), and (ii) any non-operating item. The cash flow is adjusted for outflows on account of (i) capital expenditure, (ii) incremental working capital requirements and (iii) tax.

9.3 WACC is considered as the most appropriate discount rate in the DCF Method, since it reflects both the business and the financial risk of the company. In other words, WACC is the weighted average of cost of equity and cost of debt of the company.

9.4 To the value so arrived, appropriate adjustments have been made for contingent liabilities, loan funds, value of investments, cash and cash equivalents and surplus assets after considering tax impact wherever applicable to arrive at the equity value of the Company.

9.5 The equity value as arrived above is divided by the outstanding number of equity shares of the Company as on the Valuation Date to arrive at the value per equity share of the Company.

9.6 On the basis of the foregoing, the fair value per equity share (face value INR 10 per share) of the Company as per DCF Method under Income Approach works out to **INR 153.75** as on the Valuation Date. The workings for the same are attached herewith as **Annexure II** to this report.

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10 FAIR VALUE OF EQUITY SHARES OF TIL

10.1 Though different values have been arrived at under each of the above methods, for the purpose of recommending a fair value, it is necessary to arrive at a single value of the business. For this purpose, it is necessary to give appropriate weightage to the values arrived at under each method. We have considered it appropriate to give equal weightage to the values arrived at under CCM Method under Market Approach and DCF Method under Income Approach to arrive at fair value of the equity shares of the Company.

10.2 In light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove earlier in this report, in our opinion, the fair value per equity share (face value INR 10 per share) of the Company works out to **INR 152.50 ('warrant issue price')** as on the Valuation Date. The computation of fair value per equity share of the Company is tabulated below:

Valuation Approach	Value per share (INR)	Weight
Cost ('Asset') Approach	NA*	
Market Approach		
- CCM Method	151.25	50%
Income Approach		
- DCF Method	153.75	50%
Fair value per share (INR)	**152.50**	**100%**

For SSPA & CO.
Chartered Accountants
Firm registration number: 128851W
IBBI Registered Valuer No.: IBBI/RV-E/06/2020/126

Parag S. Ved

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Partner
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Registered Valuer No.: IBBI/RV/06/2018/10092

UDIN: 25102432BMKRCY5444
Place: Mumbai
Date: March 21, 2025