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REPORT ON VALUATION OF EQUITY SHARES OF TIL LIMITED

1 BACKGROUND

1.1 TIL LIMITED

TIL is engaged in the design, manufacture and marketing of a comprehensive range of material handling, 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').

TIL has been currently undergoing difficulties servicing its debt and business obligations. Further, we have been informed that the Company is currently in discussions with the lenders to undergo a restructuring of its debt in accordance with change in control as per RBI circular on Prudential Framework for Resolution of Stressed Assets dated June 07, 2019.

The issued, subscribed, and paid-up equity share capital of the Company as on March 31, 2022 is INR 10.03 crores comprising of 1,00,30,265 equity shares of face value of INR 10 each.

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 proposing to issue equity shares of the Company on preferential basis (hereinafter referred to as the 'Proposed Transaction').

2.2 In terms of Regulation 166A read with Regulation 164A of Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018 (SEBI (ICDR) Regulations) as amended from time to time, a preferential issue, which may result in a change in control or allotment of more than 5% of the post issue fully diluted share capital of an issuer, to an allottee or to allottee acting in concert, shall, besides the market price, requires valuation from an independent registered valuer and should



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be considered for determining the issue price. In this connection, the Management wants to ascertain the fair value of equity shares of the Company as required under section 62(1)(c) of the Companies Act, 2013 and Regulation 166A read with Regulation 164A of SEBI (ICDR) Regulations as amended from time to time.

- 2.3 For this purpose, SSPA & Co., Chartered Accountants (hereinafter referred to as 'SSPA' or 'Registered Valuer' or 'We') have been requested vide engagement letter dated November 17, 2022 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 November 24, 2022 ('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 & Co., Chartered Accountants, 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 information as provided to us by the Management and information available in public domain:

- Consolidated audited financial results of the Company for the financial year ended March 31, 2022.
- Consolidated limited reviewed financial results of the Company for the 3 months period ended June 30, 2022 ('3ME Jun22').
- Management certified consolidated provisional unaudited balance sheet of the Company as on June 30, 2022.



- Discussions with the Management on various issues relevant to valuation including prospects and outlook of the business, expected growth 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 (physical/over call) with the Management to understand the business and fundamental factors that affect company's earning-generating capability including historical financial performance and future outlook.
- Analysis of comparable companies / comparable transactions using information available in public domain and / or proprietary database subscribed by us.
- Selection of well accepted valuation methodology as considered appropriate by us.
- Arriving at the recommendation.

6 VALUATION APPROACHES AND METHODOLOGY

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.

6.1 MARKET APPROACH

Under the 'Market' approach, the valuation is based on the market price of a company in case of listed companies ('Market Price Method') and/or valuation based on market multiples (based on Revenue, EBITDA, EBIT, PAT, etc.) derived from set of comparable listed companies ('Comparable Companies Multiple Method') or from comparable



transactions ('Comparable Transaction Multiple Method'). Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

In the present case, we have thought fit to use 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, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for material differences, if any. In the present case, the Company is making losses at EBIDTA level. Considering this, Enterprise Value (EV) to Revenue multiples of comparable listed companies are considered to arrive at the value of the shares of the Company.

6.2 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 to equity represent the cash available after meeting all financial obligations, including debt payments and after covering capital expenditure, taxes and working capital needs. The free cash flows to equity are discounted by using Cost of Equity ('CoE'). The CoE represents the rate of return on investment that is required by the company's ordinary shareholders. The present value of the free cash flows to equity during the explicit period and the perpetuity value indicates the value of the business.

As mentioned earlier, presently the Company is undergoing difficulties servicing its debt and business obligations and is also in discussions with the lenders to undergo a restructuring of its debt. Hence, the certainty of its future performance cannot be reasonably assured and is solely dependent on the debt restructuring plan that is yet to be approved. Therefore, the Income Approach has not been adopted for the present valuation exercise.



6.3 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 certain situations, historical cost of the asset may be considered where it is appropriate considering the nature of the business.

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 of the Company. Therefore, Cost Approach is not adopted for the present valuation exercise.

6.4 Considering the above, we have thought fit to use CCM Method under Market Approach to arrive at the value of equity shares of the Company as on the Valuation Date.

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

7.1 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, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for material differences, if any. In the present case, Enterprise Value (EV) to Revenue multiples of comparable listed companies are considered to arrive at the value of equity shares of the Company.

7.2 The value per equity share of TIL under CCM Method has been arrived at as follows:

7.2.1 Revenue of TIL for trailing twelve months period ended June 30, 2022 ('TTM Jun22') has been considered.

7.2.2 Revenue of TTM Jun22 as arrived above is capitalized by applying an appropriate EV/Revenue Multiple to arrive at the enterprise value of the Company. In our opinion, such EV/Revenue multiple is reasonable after considering EV/Revenue multiples of comparable companies, TIL's growth prospects, business risk and the industry in which TIL operates.

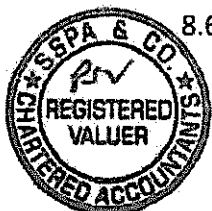
7.2.3 Appropriate adjustments have been made for loan funds, contingent liabilities, value of investments, value of surplus land and cash and cash equivalents after considering the tax impact, wherever applicable to arrive at the equity value.



- 7.2.4 The equity value as arrived above is divided by outstanding number of equity shares of TIL to arrive at the value per equity share of TIL.
- 7.3 On the basis of the foregoing, the value per equity share of TIL as per CCM Method under Market Approach as on the Valuation Date works out to **negative (-) INR 168.37**. The workings for the same are attached herewith as **Annexure I** to this report.
- 7.4 In the present case, considering that the value per equity share of TIL as on the Valuation Date is negative, control premium cannot be applied.

8 SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS & DISCLAIMERS

- 8.1 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.
- 8.2 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.
- 8.3 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.
- 8.4 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.
- 8.5 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.
- 8.6 For the purpose of this exercise, we were provided with both written and verbal



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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 Company and / or its auditors / consultants, 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.

- 8.7 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.
- 8.8 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.
- 8.9 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



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- assumptions used in preparing it and we do not assume any obligation to update, revise or reaffirm this report.
- 8.10 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.
- 8.11 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.
- 8.12 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.
- 8.13 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 recommendation as to whether or not the parties should carry out the Proposed Transaction.
- 8.14 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.
- 8.15 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,



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misrepresentations or wilful default on part of the client or companies, their directors, employees or agents.

For SSPA & CO.

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ICAI Firm registration number: 128851W

IBBI Registered Valuer No.: IBBI/RV-E/06/2020/126

Parag S. Ved



Parag Ved

Partner

ICAI Membership No. 102432

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

UDIN: 22102432BECEUN9007

Place: Mumbai

Date: November 25, 2022

Annexure I

TIL LIMITED

COMPARABLE COMPANIES MULTIPLE METHOD (EV/Revenue)

(INR crores)

| Particulars | Amount |
|---|-----------------|
| TTM June 2022 Revenue | 70.11 |
| EV/Revenue Multiple | 2.30 |
| Enterprise Value | 161.47 |
| Add/(Less): Adjustments | |
| Loan Funds | (412.47) |
| Contingent liabilities | (8.59) |
| Value of Investments | 0.88 |
| Value of surplus land (net of tax) | 80.58 |
| Cash and cash equivalents | 9.25 |
| Adjusted earnings value | (168.88) |
| Number of equity shares | 1,00,30,265 |
| Value per share (face value INR 10 each) | (168.37) |

