Rashmi Shah FCA
Registered Valuer (Securities or Financial Assets)
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Date: 22nd September 2022

To,
The Board of Directors,
The Tinplate Company of India Limited
4, Bankshall Street, Kolkata, West Bengal - 700 001

Dear Sirs,

Sub: Recommendation of Fair Equity Share Exchange Ratio for Proposed Amalgamation of The Tinplate Company of India Limited with Tata Steel Limited

We refer to the engagement letter dated 08th September 2022, whereby the Audit Committee of The Tinplate Company of India Limited (hereinafter referred to as 'TCIL' or 'the Client') has appointed Rashmi Shah FCA, Registered Valuer (Securities or Financial Assets) with IBBI Registration No. IBBI/RV/06/2018/10240 ('RVS') (hereinafter referred to as 'Valuer' or 'We'), to recommend the fair share exchange ratio of equity shares for the proposed amalgamation of The Tinplate Company of India Limited ('Transferor Company') with Tata Steel Limited ('TSL' or 'Transferee Company').

TCIL and TSL are hereinafter referred to jointly as 'the Companies'.

This Report is structured under the following broad heads:

- Background
- Scope and Purpose of this Report
- Information Sources
- Valuation Standards followed and Procedure adopted for Valuation
- Scope Limitations and Disclaimers
- Valuation Approaches and Methodologies
- Share Issuance Ratio and Conclusion
- Annexure – Share Exchange Ratio Workings

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BACKGROUND

The Tinplate Company of India Limited

- TCIL (CIN: L28112WB1920PLC003606) is a listed public limited company incorporated on 20th January 1920 and having registered office at 4, Bankshall Street, Kolkata, West Bengal - 700 001.
- TCIL is in the business of manufacturing tinplate, tin free steel and other related products. Tinplate is the most sustainable packaging media and a versatile packaging substrate which finds usage across a wide-end of uses viz; food (edible oil, processed fruits & vegetables), non-food (paints & chemicals, aerosol sprays, battery) and beverages. Tinplate is most suited for packaging processed edibles owing to its excellent barrier properties. The improved product and service offerings through a continued focus on process parameters has helped to improve and sustain a 40%+ domestic market share, and an exports portfolio to different geographies mainly in selected regions in Europe, Middle East, Africa and South East Asia.
- Equity shares of TCIL are listed on National Stock Exchange of India ("NSE") and Bombay Stock Exchange ("BSE").
- As at 30 June 2022, the paid-up equity share capital of TCIL was ~ INR 1,047 million consisting of 104,667,638 equity shares of face value of INR 10/- each fully paid up, which we have considered for the purpose of the valuation analysis.

Particulars	**No of Shares**	**% Of shares holding**
Promoter & Promoter Group (Tata Steel Limited)	78,457,640	74.96%
Public	26,209,998	25.04%
Total	**104,667,638**	**100.00%**
Source: BSE Filing (30th June 2022)		

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Tata Steel Limited

- TSL (CIN: L27100MH1907PLC000260) is a listed public limited company incorporated on 26th August 1907 and having registered office at Bombay House, 24-Homi Mody Street, Fort, Mumbai, Maharashtra – 400 001.
- Tata Steel Limited is one of the leading global steel companies, with over 100 (hundred) years of experience in the steel sector and is a pioneer of steel manufacturing in India. TSL is also amongst the lowest cost integrated steel manufacturers in India, with 100% (hundred percent) captive iron ore sources. With its wide portfolio of downstream, value-added and branded products, TSL caters to customers across all segments through its well-established distribution network. It has operations in India, Europe and South East Asia. Tata Steel Group is one of the prominent geographically diversified steel producers. In addition, it has access to deep end of the markets and customer through its vast sales and distribution network.
- Raw material operations of TSL are located in India, Mozambique, and Canada. Manufacturing facilities are located in India, Thailand, Netherlands, and United Kingdom with cumulative crude steel capacity being 34 (thirty-four) million tons per annum. TSL is structured into several strategic business units aligned to product categories including: flat products, long products, tubes, wires, bearings, ferro-alloys, etc. TSL has been aiming to increase resilience of the business to steel business cycles by developing knowledge and intellectual property in new materials and has been foraying into areas such as composites, graphene, and advanced ceramics.
- Equity shares of TSL are listed on National Stock Exchange of India ("NSE") and Bombay Stock Exchange ("BSE").
- Management of TCIL ('the Management') has provided us with the details of equity shares (post sub-division) as below, which we have considered for the purpose of the valuation analysis.

Issued Capital	**Number of Shares**	**Face Value**	**Amount (INR)**
Fully paid-up	12,232,183,670	INR 1	12,232,183,670
Partly paid-up	2,232,880	INR 1	2,232,880
Total Issued Capital	**12,234,416,550**		**12,234,416,550**
Subscribed and Paid-up capital			
Fully paid-up	12,221,220,420	INR 1	12,221,220,420
Partly paid-up	2,232,880	INR 0.2504	559,113.152
Total Subscribed and Paid-up capital	**12,223,453,300**		**12,221,779,533**

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Particulars	**No. of Shares**	**% Of Share holding**
Promoter & Promoter Group	4,146,195,359	33.92%
Public	8,077,257,941	66.08%
Total	**12,223,453,300**	**100.00%**
Source: Management		

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SCOPE AND PURPOSE OF THIS REPORT

We understand that the amalgamation of TCIL with TSL is being contemplated through a Scheme of Amalgamation under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, and rules framed thereunder (hereinafter referred to as "the Proposed Scheme"), whereby it is proposed to amalgamate The Tinplate Company of India Limited into Tata Steel Limited, on a going concern basis ('Transaction').

The Transferee Company is one of the leading global steel companies, with over 100 (hundred) years of experience in the steel sector and is a pioneer of steel manufacturing in India. It is also amongst the lowest cost integrated steel manufacturers in India, with 100% (hundred percent) captive iron ore sources. The Transferor Company is engaged in the business of manufacturing tinplate, tin free steel and other related products. Tinplate is the most sustainable packaging media and a versatile packaging substrate which finds usage across a wide-end uses viz; food (edible oil, processed fruits & vegetables), non-food (paints & chemicals, aerosol sprays, battery) and beverages. The amalgamation will ensure focused management in the combined entity thereby resulting in efficiency of management and maximizing value for the shareholders. Such restructuring will lead to simplification of group structure by eliminating multiple companies in similar business. Further, the amalgamation will translate to the philosophy of 'One Tata Steel' in front of customers which will lead to better customer service delivery.

In addition, resulting corporate holding structure will lead to agility in the business ecosystem of the Companies. As a result, operating costs will be reduced due to operational efficiencies, rationalisation, standardization, and simplification of business processes. Further, proposed Scheme will also reduce number of entities working in similar business lines.

The Transaction is proposed to be carried out with effect from the appointed date as specified in the Proposed Scheme.

For this purpose, RVS has been appointed to recommend the fair equity share exchange ratio for the said amalgamation ('Exchange Ratio'). The bases of value is 'Relative Value' and the valuation is based on 'Going Concern' premise.

The scope of our services is to conduct a relative (and not absolute) valuation of the equity shares of TCIL and TSL and recommending an exchange ratio for the proposed amalgamation in accordance with the International Valuation Standards / ICAI Valuation Standards 2018 ('ICAI VS') issued by the Institute of Chartered Accountants of India ('ICAI').

This report is our deliverable for the above engagement.

This report is subject to the scope, assumptions, limitations, disclaimers and exclusions, detailed hereinafter. As such, the report is to be read in totality, and not in parts.

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INFORMATION SOURCES

We have relied on the following sources of information and documents received from the Management as well as obtained from publicly available data sources:

- Draft Scheme of Amalgamation
- Audited financial statements of TCIL and TSL upto 31st March 2022;
- Financial statements of TCIL and TSL for the quarter ended June 30, 2022;
- Details of certain items to be treated as asset / liability for the said transaction;
- Other publicly available data;
- Latest shareholding details of TCIL and TSL;
- Discussions with the Management to understand their perception of the historical and expected future performance, macro-economic parameters and key value drivers of the Companies;
- Market comparables, to the extent information on comparable companies is available in public domain;
- We have also relied on published and secondary sources of data whether or not made available by the Companies. We have not independently verified the accuracy or timeliness of the same.
- Other information and documents for the purpose of this engagement.

During the discussions with the Management, we have also obtained explanations and additional information considered reasonably necessary for our exercise. The Companies have been provided with the opportunity to review the report (excluding the recommended Ratios) as part of our standard practice to ensure that factual inaccuracies / omissions are avoided in our final report.

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VALUATION STANDARDS FOLLOWED AND PROCEDURES ADOPTED FOR VALUATION

- We have performed the valuation analysis, to the extent possible, in accordance with Indian Valuation Standards, 2018 issued by the Institute of Chartered Accountants of India ('IVS'). IVS 301 on Business Valuation deals with valuation of a business or business ownership interest (i.e., it includes valuation of equity shares).
- In connection with this exercise, we have adopted the following procedures to carry out the valuation analysis:
    - Requested and received relevant data (financial and qualitative) from the Management.
    - Used data available in public domain related to the Companies and its peers.
    - Discussions with the Management on understanding of the businesses of the Companies concerning the business and fundamental factors that affect their earning capacity including historical performance, future plans and prospects, etc.
    - Obtained and analysed market prices of equity shares of the Companies.
    - Determination of valuation multiples of comparable companies using information in public domain.
    - Selection of valuation approach and valuation methodology/ (ies), in accordance with IVS, as considered appropriate and relevant by us.
    - Arriving at the relative values of the equity shares of the Companies to determine the fair equity share exchange ratio for the Proposed Transaction.

SCOPE LIMITATIONS AND DISCLAIMERS

- We have no present or prospective contemplated financial interest in the Companies and we have no personal interest with respect to the Promoters and Board of Directors of the Companies. We have no bias/prejudice with respect to any matter that is the subject of the valuation report. The fee for the valuation engagement is not contingent upon the results reported and no way influenced the results of our valuation analysis.
- We have adopted Relative Value as the valuation base and Going Concern value as the premise of value. While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with the generally accepted auditing standards. We have placed reliance on information provided by the Management and their respective authorized representatives. Our reliance is based on the completeness and accuracy of the facts provided; which if not entirely complete or accurate, should be communicated to us immediately, as the inaccuracy or incompleteness could have a material impact on our findings. We further assume that the Managements of the Companies have brought to our attention all material transactions, events or any other factor having an impact on the share exchange ratio.
- Our report is subject to the terms of engagement mentioned in our engagement letter dated 08th September 2022. Valuation analysis and results are specific to the purpose of valuation mentioned in this report as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date.
- We owe responsibility to only the Management of the Company that has retained us and nobody else. We do not accept any liability to any third party in relation to the issue of this valuation report. Our valuation report cannot be used for any other purpose. This report has been prepared for the Management solely for the purpose of the proposed amalgamation envisaged in the Scheme. This report should not be used for any other purpose. We understand that the Company may submit the Report to or share the Report with its Fairness Opinion Provider and regulatory authorities/ stock exchanges, in connection with the proposed Transaction.
- Our analysis is based on the market conditions and the regulatory environment that currently exists. However, changes to the same in the future could impact the company and the industry it operates in, which may impact our valuation analysis.
- Neither we nor any of our affiliates are responsible for updating this report because of events or transactions occurring subsequent to the date of this report.

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- We have considered and relied on the information provided to us by the Management including financial information, significant transactions and events occurring subsequent to the balance sheet date. We understand that the information provided to us and the representations made to us (whether verbal or written) are reliable and adequate. We have derived our conclusions and recommendation from the information so provided and we are thus reliant on the given information to be complete and accurate in every significant aspect. We are made to believe that the Management has informed us about all material transactions, events or any other relevant factors which are likely to have an impact on our valuation recommendation.

- In the ultimate analysis, valuation will have to capture the exercise of judicious discretion by the Valuer and judgment taking into account all the relevant factors. There will always be several factors which are not evident from the face of the financial statements, but which will strongly influence the worth of a share. Examples of such factors include quality and integrity of the management, capital adequacy, asset quality, earnings, liquidity, size, present and prospective competition, yield on comparable securities and market sentiment, etc. This concept is also recognized in judicial decisions.

- This Report does not look into the business / commercial reasons behind the transaction. We have no present or planned future interest in either of the companies and the fee for this certificate is not contingent upon the values reported therein. Our valuation analysis should not be construed as an investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any transaction with the companies.

- Any discrepancy in any table between the total and sum of the amounts listed are due to rounding-off.

- The Management has informed us that Deloitte Touché Tohmatsu India LLP and Registered Valuer - Vikrant Jain (IBBI/RV/05/2018/10204) (jointly referred to as valuers) have been appointed by TCIL and TSL respectively, to issue a valuation report on the Fair Equity Share Exchange Ratio, for their regulatory compliance and evaluation purposes for the proposed Amalgamation. Further, at the request of the Management, we have had discussions with the Registered Valuer mentioned in respect of our valuation analysis.

- The valuation report is subject to the laws of India.

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VALUATION APPROACHES AND METHODOLOGIES

- Arriving at the fair equity share exchange ratios for the proposed amalgamation of TCIL into TSL, would require determining the relative equity valuation of TCIL and TSL, based on methodologies explained herein and various qualitative factors relevant to TCIL and TSL.
- The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner.
- It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we have made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Companies, and other factors which generally influence the valuation of companies and their assets.
- As per the Scheme, the equity shareholders of TCIL (other than TSL) will be issued equity shares of TSL as consideration for the proposed amalgamation. In accordance with IVS, to arrive at the fair share exchange ratio, it is required to determine the fair value of equity shares of TCIL and fair value of equity shares of TSL. These values are to be determined on a per share basis and are to be determined independently without considering the proposed transaction. The values are then to be assessed on a relative basis to determine the share exchange ratio.
- For the purpose of valuation, it is necessary to select an appropriate basis of valuation amongst the various valuation techniques. It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. The application of any particular method of valuation depends upon various factors including the size of company, nature of its business and purpose of valuation. Further, the concept of valuation is all about the price at which a transaction takes place i.e., the price at which seller is willing to sell and buyer is willing to buy. Accordingly, a fair and reasonable approach for valuing the shares of the company is to use a combination of these methods.

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- The three main approaches of valuation are the market approach, income approach and asset approach. There are several commonly used and accepted methods including those set out in the ICAI valuation standards, within the asset approach, income approach and market approach, for determining the relative values to arrive at the Share Exchange Ratio for the proposed Transaction.
- IVS 301 specifies that generally the following three approaches for valuation of business / business ownership interest are used:
  - Cost Approach
  - Market Approach
  - Income Approach
- These approaches and methodologies have been considered in the present valuation exercise, to the extent relevant and applicable, to arrive at the fair equity Share Exchange Ratio for the purpose of the Amalgamation:

Cost Approach – Net Asset Value (NAV) method

- The value under cost approach is determined based on the underlying value of the assets which could be on book value basis, replacement cost basis or on the basis of realizable value. Under NAV method, total value of the business is based on the Net Assets Value either on book value or realizable value or replacement cost basis. NAV methodology is most applicable for the business where the value lies in the underlying assets and not the ongoing operations of the business. NAV method does not capture the future earning capacity of the business.
- We have not considered NAV method for the said valuation purpose as both TCIL and TSL are operating businesses and we understand that historical book value does not reflect intrinsic value of their businesses. The valuation is undertaken with going concern assumption and we do not contemplate an actual sale realization of the individual assets. We have therefore not considered NAV method for the said valuation.

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Income Approach – Discounted Cash Flows (DCF) method

- Under the Income Approach, business is valued by converting maintainable or future amount of cash flows to a single current amount either through discounting or capitalization. DCF Method seeks to arrive at the value of the business based on its future cash flows generating capability and the risks associated with the said cash flows. FCFF or free cash flows to the firm ("FCFF") represents the cash available for distribution to both the owners and the creditors of the business. Risk-adjusted discount rate or Weighted Average Cost of Capital ("WACC") is applied to free cash flows in the explicit period and that in perpetuity. Adjustments pertaining to debt, surplus/non-operating assets including investments, cash & bank balance and contingent assets/liabilities and other liabilities, as relevant, are required to be made in order to arrive at the value for equity shareholders. The total value for the equity shareholders so arrived is then to be divided by the number of equity shares to arrive at the value per equity share of the company.
- In the present case, since the Companies are listed on stock exchanges, information relating to the future financial performance of the Companies is price sensitive. Additionally having regard to the business in which the companies operate, projecting financials of the companies on a reliable basis, to afford a relative comparison, is difficult and involves considerable subjectivity, and hence such projections have not been made available for the present exercise. In the absence of business plan and projections, we have not considered the Income Approach.

Market Approach – Market Price method

- Under the Market Price method, the market price of an equity share as quoted on a recognized Stock Exchange is normally considered as the value of the equity shares of that company, where such quotations are arising from the shares being regularly and frequently traded. Generally, market value is reflective of the investors' perception about the actual worth of the company. However, in certain situations, the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further in case of amalgamation, where the value of shares of one company is required to be evaluated against the value of shares of another company, the volume of shares traded and available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.
- Since, TCIL and TSL are listed companies and market price of equity shares of TCIL and TSL are traded on NSE and BSE over a reasonable period, we have considered this method to determine the value of shares of the Companies. We understand that the shares of the Companies are being frequently traded. We have thus considered volume weighted average price for an appropriate period for determining the value of equity shares of the Companies.

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Market Approach – Comparable Companies' Multiple (CCM) method

- Under CCM Method, the value of shares of the subject company is determined on the basis of multiples derived from valuations of comparable companies. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. Considering availability of listed comparable companies and availability of profitability levels, we have considered the CCM method of valuation to determine the value of shares of TCIL and TSL.
- We have considered Enterprise Value to Earnings before interest, tax, depreciation and amortization (EV/EBITDA) multiple to determine the value of equity shares of TCIL and TSL under CCM method.

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SHARE ISSUANCE RATIO AND CONCLUSION

- The basis of the amalgamation of TCIL with TSL would have to be determined after taking into consideration all the factors and methods mentioned in this Report. Though different values have been arrived at under each of the above methods, for the purposes of recommending the fair exchange ratio of equity shares it is necessary to arrive at a final value for each of the Companies' shares. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Companies, but at their relative values to facilitate the determination of the Fair Equity Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches / methods.
- The Fair Equity Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of the Companies based on the various approaches / methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Companies, having regard to information base, key underlying assumptions and limitations. We have independently applied methods discussed above, as considered appropriate, and arrived at their assessment of the value per equity share of TCIL and TSL.
- In light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove referred to earlier in this Report for proposed amalgamation and upon the proposed Scheme becoming effective, in our opinion, we recommend Fair Equity Share Exchange Ratio for the amalgamation of TCIL with TSL as below:
- *"33 (Thirty-three) equity shares of Tata Steel Limited of face value of INR 1/- each fully paid up for every 10 (Ten) equity shares of The Tinplate Company of India Limited of face value of INR 10/- each fully paid up"*

Yours faithfully,

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Rashmi Shah FCA
Registered Valuer with IBBI Registration No.: IBBI/RV/06/2018/10240
For R V Shah & Associates (Chartered Accountants)
ICAI Membership No.: 123478
FRN: 133958W
Place: Mumbai
Date: 22nd September 2022
ICAI UDIN: 22123478ATYJJX4857

ANNEXURE – SHARE EXCHANGE RATIO WORKINGS

Fair Equity Share Exchange Ratio

Valuation approach	The Tinplate Company of India Limited (TCIL)		Tata Steel Limited (TSL)	
	Value per share (INR)	Weight (%)	Value per share (INR)	Weight (%)
Asset approach - NAV method	120	0%	89	0%
Market approach - Market Price method	321	50%	100	50%
Market approach - CCM method	377	50%	112	50%
Relative value per share	**349**		**106**	
Recommended Fair Equity Share Exchange Ratio (rounded off)	**3.3**			
	i.e., 33 equity shares of TSL for every 10 equity shares of TCIL			

Based on the above computation, we recommend a Fair Equity Share Exchange Ratio as below:

"33 (Thirty-three) equity shares of Tata Steel Limited of face value of INR 1/- each fully paid up for every 10 (Ten) equity shares of The Tinplate Company of India Limited of face value of INR 10/- each fully paid up"

The Fair Equity Share Exchange Ratio has been arrived at on the basis of valuation (on a per share basis) of TCIL and TSL considering the various approaches and methodologies as explained herein earlier and various qualitative factors relevant to each business along with key underlying assumptions and limitations.

In the ultimate analysis, it is essential to arrive at a single value while considering the different applicable methodologies of valuation. We have applied appropriate weights to the values determined under the Asset, Income and Market Approaches for valuation of the Companies.

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