

Dhawal Mehta

Registered Valuer – Securities or Financial Assets

Address: 1106A, Sunkersett Palace CHS, Nana Chowk, Mumbai 400007 | +91 99206 60491 | dbmadvisory@outlook.com |

Fair Equity Shares Exchange Ratio for the proposed amalgamation of Trejhara Solutions Limited and LP Logistics Plus Chemicals SCM Private Limited

Report Date: March 26, 2024

To,

The Board of Directors, Trejhara Solutions Limited Unit No. 601, Sigma IT Park, Plot No. R-203, R-204, T.T.C Industrial Estate, Rabale Navi Mumbai, Thane, Mumbai 400701, India	The Board of Directors, LP Logistics plus Chemicals SCM Pvt. Ltd. CENTRUM Office No.709,7th Floor, Opp.TMC Majiwade Prabhag samiti Office, Wagle Industrial Estate Thane 400604, India
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Purpose: Recommendation of Fair Equity Shares Exchange Ratio for the proposed amalgamation of Trejhara Solutions Limited- ("Trejhara" or "Client") and LP Logistics Plus Chemicals SCM Private Limited (LP Logistics)

We (hereinafter referred to as "Us" or "Valuer" or "RV") have been appointed vide the Engagement Letter dated March 11, 2024, to carry out the fair equity share exchange ratio for the proposed amalgamation of LP Logistics into Trejhara. The aforesaid restructuring is proposed under a scheme of arrangement under the provisions of Section 230-232 read with section 52 and other applicable provisions of the Companies Act, 2013.

The valuation date for valuation is **March 22, 2024**, being the last working day prior to the corporate announcement by Trejhara and LP Logistics for the board meeting on **March 26, 2024** to discuss and consider the proposal for amalgamation.

Trejhara and LP Logistics are hereinafter collectively referred to as "Companies" or "Valuation Subjects".

The fair equity share exchange ratio for this report refers to number of equity shares of Trejhara which would be issued to the equity shareholders of LP Logistics pursuant to the Proposed Amalgamation.

The valuation exercise was conducted on the basis of information /documents and explanations supplied to us by the management of the Companies. Based on the same, our report is submitted herewith for your kind perusal.

In arriving at our opinion, we have applied ICAI Valuation Standards as issued by the Institute of Chartered Accountants of India as on the valuation date. This document sets out our terms of reference, information supplied and used in the valuation, assumptions made and limiting factors.

The valuation opinion is specific to the date of the valuation report and we assume no responsibility to update this opinion for events occurring after the date of this document.

Should you require any further information/clarifications, please do not hesitate to contact us.

Yours sincerely,

Dhawal Mehta

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IBBI Registration Number: IBBI/RV/06/2023/15462

ICAI RVO Membership Number: ICAIRVO/06/RV-P031/2023-2024

Date: 26th March 2024

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Table of Contents

Sr. No.	Particulars	Page No.
1.	Company and Engagement Background	3
2.	Management Representation	3
3.	Source of Information	4
4.	Valuation Approach and Methodology	4
5.	Summary of Opinion	6
6.	Scope of Engagement and Limiting Factors	7
7.	Disclosure of RV Interest and Conflicts	8

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1. Scope and Purpose of this Report

Trejhara Solutions Ltd. is public listed company on NSE and BSE. Trejhara is a well-known technology products and solutions provider that helps enterprises accelerate digital innovation, securely & efficiently. Trejhara Solutions Ltd. owns three 100% owned subsidiaries – Trejhara Pte. (Singapore), Aurionpro Solutions WLL (Bahrain) and Aurocient Outsourcing Ltd. (India).

LP Logistics plus Chemicals SCM Pvt. Ltd., is a company serving the supply chain management needs of chemicals and petrochemicals industries. It provides full suite of 3PL and 4PL solutions to the companies in this industry.

We understand that the management of the Companies are contemplating merger of LP Logistics into Trejhara through scheme of arrangement and amalgamation (“Proposed Amalgamation”).

Mr. Dhawal Mehta, Registered Valuer (hereinafter referred to as ‘We’ or ‘Us’ or ‘Valuer’) has been engaged by the company vide engagement letter dated March 11, 2024 to estimate the Fair Equity Shares Exchange Ratio for the proposed amalgamation for the purpose of regulatory compliance as specified in the Engagement Letter.

The scope of our service is to conduct a relative (and not absolute) valuation of equity shares of the Companies and report a Fair Equity Share Exchange Ratio for the proposed amalgamation in accordance with ICAI Valuation Standards issued by Institute of Chartered Accountants of India.

We have been provided with the unaudited consolidated financials of Trejhara and LP Logistics for the eleven months ended 29th February 2024. We have taken into consideration the current market parameters in our analysis and have adjusted additional facts made known to us till the date of our Report. The Management has informed us that there are no unusual/abnormal events in the Companies materially impacting their operating/financial performance after 29th February 2024 till the Report date. Further, we have been informed that all material information impacting the Valuation Subjects has been disclosed to us.

We have relied on the above while arriving at the fair equity share exchange ratio for the Proposed Amalgamation.

As per the discussion held with the Management of the Company, cut-off date for the present valuation exercise is March 22, 2024. We understand that the report will be used by the companies for the above stated purposes only. Except as provided under the Engagement Letter, it shall not be copied, disclosed, or circulated or referred to in correspondence or discussion with any third party or used for any other purpose without the RV’s express written consent.

We have been informed that, in the event that either of the Companies restructure their equity share capital by way of share split/ consolidation/ issue of bonus shares before the Proposed Amalgamation becomes effective, the issue of shares pursuant to the fair equity share exchange ratio recommended in this Report shall be adjusted accordingly to take into account the effect of any such corporate actions.

This Report is our deliverable for the above engagement.

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

2. Management Representation

This report is prepared based on sources of information listed in the report. The RV has relied upon the representation provided by the management of the companies that the information contained in the report is materially accurate, fair, and complete in all its manner of portrayal.

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3. Source of Information

During our analysis, we were supplied with written & verbal information which we have relied upon. The set of information/document etc., which has been furnished to us, are as under:

- I. Provisional Consolidated Balance Sheet and Consolidated Profit & Loss Statement for the period ended February 29, 2024 of Trejhara and Provisional Balance Sheet and Profit & Loss Statement for the period ended February 29, 2024 of LP Logistics
- II. Forecasted Consolidated Balance Sheet and Consolidated Profit & Loss Statement of Trejhara for the period ending March 31, 2024, to March 31, 2029 and Forecasted Balance Sheet and Profit & Loss Statement of LP Logistics for the period ending March 31, 2024, to March 31, 2029
- III. Provisional financials and projections of Trejhara are on consolidated basis, including their subsidiary.
- IV. As informed by the Management, discontinued operations don't form part of provisional financials and projections
- V. Relevant data and information provided by management either in written or oral form or in the form of soft copy; and discussions with representatives of the Company.
- VI. Management Representation Letter dated March 22, 2024
- VII. Information [Industry related as well as Company Specific] available on various public domain [i.e. Damodaran Database and RBI Database, etc.]

4. Valuation Approach and Methodology

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.

For the purpose of arriving at valuation of the Valuation Subjects, we have considered the valuation base as 'Fair Value'. Our valuation, and this report, is based on the premise of 'going concern value'. Any change in the valuation base, or the premise could have a significant impact on our valuation exercise, and therefore, this Report.

Methodology Adopted:

The procedures used in the analysis included such substantive steps, as RV considered necessary under the circumstances, including, but not necessarily limited to the following: -

- Discussion with the Management to:
 - I. Understand the business and fundamental factors that affect the business of both Company's Industry including their earning generation capability.
 - II. Enquire about the historical financial performance, current state of operations and future financial estimates.
- Analysis of the information shared by the management including the following: -

Reading the Consolidated Provisional Financial Statements of the Companies as on February 29, 2024, provided by the management.

- I. Considering the consolidated projected statements of profitability and cash flow of the Companies, including significant underlying assumptions, which the management of Companies believes to be their best estimate as to the future operating results and cash flow of the Companies for the period ended as on March 31, 2029 [Management Projections].
- II. Discussions with the management of both companies to understand the historical and expected future performance, key value drivers, competitive scenarios and regulatory aspects affecting the operations of the company.

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- III. Discussions and correspondence with the management of both Companies on which we have relied.
- IV. Such other analysis and inquiries, as we have considered necessary.

The valuation exercise involves selecting an approach suitable for the purpose of valuation. Selection of an approach involves exercise of judgment by the Valuer based on the facts and circumstances applicable to the business of the Company to be valued.

Valuation Approaches

There are three generally accepted approaches to valuation: -

- I. Cost Approach
- II. Income Approach
- III. Market Approach

Cost Approach – Net Asset Value Method

This approach is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. It is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). IVS 301 on Business Valuations and IVS 103 on Valuation Approaches and Methods specify that common methodologies for Cost Approach are Replacement Cost Method and Reproduction Cost Method. These methods involve determining the value of the asset based on the cost that will have to be incurred to recreate/replicate the asset with substantially the same utility as that of the asset under valuation.

NAV method is appropriate in a case where the major strength of the business is its asset base rather than its capacity or potential to earn profits, or we need to replace an asset or during liquidation.

In the current scenario, NAV has limited relevance in the valuation of the business of a going concern. Hence, we have not used Cost Approach for Trejhara and LP Logistics in our analysis.

Income Approach – Discounted Cash Flow (DCF) Method

Under the DCF method, the value of the undertaking is based on expected cash flows for future, discounted at a rate, which reflects the expected returns and the risks associated with the cash flows as against its accounting profits. The value of the undertaking is determined as the present value of its future free cash flows. For estimating the Business Value/Enterprise Value and Equity Shares, the following adjustments are made to the Business Value;

- Contingent Liabilities which in the opinion of the management are likely to crystallize are deducted.
- Surplus Assets such as Cash & Bank balances, Land not in use which are not contributing to the Free Cash Flows are added.
- Fair Value of Investments, if any, are also added.

An approach based on earnings is relevant in the case of companies generating a steady stream of income. In the current scenario, we have used DCF method for both companies, Trejhara and LP Logistics in our analysis.

Market Approach

Under the market approach, the valuation is based on the Market Price of the company in case of listed companies and Comparable Companies Multiples (CCM)/ Comparable Transactions Multiplies (CTM) method for unlisted companies. The market approach generally reflects the investors' perception about the true worth of the company.

I. Market Price Method

Under this method, the value is determined on the basis of average stock prices of the company listed on the stock exchange for relevant period. **Since the shares of Trejhara are listed on recognized stock exchanges in India, we have applied Market Price Method for Trejhara, considering the price in NSE, as per the methodology laid down in SEBI ICDR Regulations, 2018.**

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II. Comparable Companies Multiple (CCM) /Comparable Transaction Multiple (CTM) Method

Under the CCM/CTM method, the value is determined on the basis of multiples derived from valuations of similar listed companies / transactions in the industry. Relevant multiples have to be chosen carefully and adjusted for differences between the circumstances. **We have not used the CCM/CTM method since there are no comparable companies and no recent comparable transactions of similar nature, size and having similar operating and financial metrics as that of Trejhara and LP Logistics.**

Fair Valuation

We have arrived at the fair value of equity shares of Trejhara by applying 100% weight to Market Price method.

Considering the Regulation 166A (SEBI ICDR Regulations 2018), price determined under regulation 164 is higher than the price determined under other methods of valuation. Hence, 100% weight has been considered for value determined under Regulation 164(1) while computing a fair value per equity share of Trejhara.

We have arrived at the fair value of equity shares LP Logistics by applying 100% weights to the value derived under DCF method.

5. Computation of Fair Equity Share Exchange Ratio

The current valuation has been carried out based on the valuation methodologies explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations were given due consideration. The valuation of the shares of the company is in line with the principles suggested by the Indian Valuation Standards issued /by the Institute of Chartered Accountants of India.

Computation of Fair Equity Exchange Ratio

	Valuation Approach	Trejhara (A)		LP Logistics (B)	
		Value Per Share of Trejhara	Weights	Value Per Share of LP Logistics	Weights
1	Income Approach - DCF Method	180.07	0.00%	374.16	100.00%
	Market Approach				
2	Market Price Method	187.08	100.00%	N/A	N/A
3	Comparable Companies - EV/Sales method	N/A	N/A	N/A	N/A
4	Cost Approach	N/A	N/A	N/A	N/A
	Relative Value per share (Weighted Average 1 & 2)	187.08		374.16	
	Fair Equity Share Exchange Ratio (B/A) (Rounded off)		2.00		

Fair Equity Share Exchange ratio is arrived at 2 equity shares of Trejhara of INR 10/- each fully paid for every 1 equity shares of LP Logistics of INR 10/- each fully paid up.

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6. Scope of Engagement and Limitation Factors

As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to in this report. While utmost care has been taken however, our report is subject to the limitations detailed hereinafter:

Date of the Report- Valuation analysis and result are specific to the purpose of valuation and the transaction date mentioned in the report is agreed as per the terms of our engagement. We assume no responsibility to update this report for events and circumstances occurring after the date of this report. The valuation has been conducted with reference to the position as on March 22, 2024.

Reliance on the Information Provided- We have been provided with certain written & verbal information & assumptions from the management of the companies. We have evaluated the information provided to us through broad inquiry, analysis and review (but have not carried out a due diligence or audit of the company for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided). Our work does not constitute an audit, due diligence or certification of the historical financial statements of subject businesses/companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report.

Also, we have been given to understand that the company has not omitted any relevant and material factors which could impact the valuation results. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. We assume no responsibility for any errors and omissions in the information/explanations furnished by the company and their impact on the present exercise.

Financial Projections- In a valuation exercise, future stream of earnings are of utmost significance in the process of valuation. The conclusion arrived at is a Valuation Result or a calculation result depends upon the nature of financial information provided and reliance placed on the same by the Valuer. There will be some differences in the estimated and the actual data as events and circumstances generally do not occur exactly as expected.

Purpose of the Report and Restricted Audience- This report and the information contained herein are confidential. It is intended only for the sole use and information of client and only for the purpose mentioned herein. We are not responsible to any other user of the report for any decision of such user based on this report. Any user intending to provide finance/invest in the shares/business of the company and/or the client, its subsidiaries, 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.

In case of Dispute – Any dispute or disputes shall be first resolved by attempted negotiation at the highest executive levels between the parties. In the event such executive negotiation is unsuccessful, the dispute or disputes shall either be decided by a sole Arbitrator mutually appointed by the parties or as approved by concerned authority. The arbitration proceeding under this clause will be in accordance with the provisions of the Arbitration and Conciliation Act, 1996 and any statutory modifications or re-enactment in lieu thereof. The arbitration proceedings shall be in English language, venue of the arbitration shall be Mumbai and cost of arbitration will be borne by the parties in equal share. The award of the Arbitrators shall be final, conclusive and binding on both the parties.

Limitation Clause

- We will not substantiate or provide justification for the fair value arrived at to any third-party, court, tribunal, and arbitrageur or under any legal recourse.
- This valuation report is based on the extant regulatory environment and the business/market conditions, which are dynamic in nature and may change in future, thereby impacting the companies under valuation. The information presented in this valuation report does not reflect the outcome of any due diligence procedures, which may change the information contained herein and, therefore, the valuation report materially.
- We do not take any responsibility for any changes in the information used for any reason, which may occur subsequent to the date of our report. Any updates or second opinion on this valuation report cannot be sought by the company from external agencies without our prior written permission.

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- Valuation is not a precise science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. There is therefore no indisputable single value. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different value on the business.
- The scope of the assignment did not include performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. Further, conducting a financial or technical feasibility study was also not covered in the engagement.
- In the particular circumstances of this engagement, our liability (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, irrespective of however the loss or damage is caused, shall be limited to the amount of fees actually received by us from the client as laid out in the engagement letter, for such valuation work.
- Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.
- During the course of our work, we have relied upon assumptions and projections related to the companies under valuation made by the management of the companies. These assumptions require exercise of judgment and are subject to uncertainties.
- We have not carried out any physical verification of the assets and liabilities of the Valuation Subjects and take no responsibility for the identification of such assets and liabilities.
- This Report does not look into the business/commercial reasons behind the proposed transaction nor the likely benefits arising out of it. Similarly, it does not address the relative merits of the proposed transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.
- The valuation analysis and result are governed by concept of materiality.
- The fee for the engagement is not contingent upon the results reported.
- This Report is subject to the laws of India.
- It is understood that this analysis does not represent a fairness opinion. This report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.
- The realization of these projections is dependent on the continuing validity of the assumptions on which they are based. Since the projections relate to the future, actual results are likely to be different from the projected results in case of events and circumstances not occurring as projected and the differences may be material. Our work did not constitute a validation of the financial projections of the company under consideration and accordingly, we do not express any opinion on the same. We have not commented on the appropriateness of or independently verified the assumptions or information provided to us, for arriving at the financial projections. Further, while we have discussed the assumptions and projections with the management for ensuring their reasonableness, our reliance on them for the purpose of valuation should not be construed as an assurance about the accuracy of the assumptions or the achievability of the financial projections.

7. Disclosure of RV Interest or Conflict

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

