

# **Valuation Report**

of

**LAST MILE ENTERPRISES LIMITED**

**CIN: L70100GJ1994PLC022954**

*Prepared by:*

**Vanita Agarwal**

**Registered Valuer-Securities or Financial Assets**

**IBBI No: IBBI/RV/03/2020/13582**

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**Report Date: 31<sup>st</sup> January 2023**

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To,

The Board of Directors

**Last Mile Enterprises Limited**

4th Floor, Vaghela Avenue,

Nr. Havmore Restaurant, Navrangpura,

Ahmedabad - 380009

**Sub: Valuation Analysis of the Equity Shares of LAST MILE ENTERPRISES LIMITED**

I refer to our engagement letter dated January 23, 2023 for carrying out the valuation of Equity Shares of LAST MILE ENTERPRISES LIMITED (here-in-after referred as "Company" or "LMEL"). In accordance with the terms of the engagement, I am enclosing my report along with this letter. In attached report, I have summarized my Valuation analysis of the Shares together with the description of methodologies used and limitation on my Scope of Work.

Based on my assessment and in terms of Regulation 165 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations"), as amended from time to time, the Floor Price of the Equity Share of the Company having Face Value of Rupees 10.00 each has been arrived at Rs. 27.00 (rounded off). In case you require any further assistance, please feel free to contact me.

This Valuation Analysis is confidential and has been prepared for you for providing the same to government or regulatory authorities and this report can be provided to potential investor of LMEL for enabling compliance under various laws as detailed hereinafter in this report. It should not be used, reproduced or circulated to any other person, in whole or in part, without my prior consent. Such consent will only be given after full consideration of the circumstance at that time. I trust that above meets your requirements.

Thanking You,

Yours faithfully,



Place: Noida

Date: 31<sup>st</sup> January 2023

**Vanita Agarwal**

Registered Valuer-Securities or Financial Assets

IBBI No: IBBI/RV/03/2020/13582

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## **1. BACKGROUND OF THE COMPANY:**

### **History:**

LAST MILE ENTERPRISES LIMITED ("LMEL") is Public Limited Company incorporated under the Companies Act, 1956 on September 09, 1994, having its registered office at 4th Floor, Vaghela Avenue, Nr. Havmore Restaurant, Navrangpura, Ahmedabad-380009. The Company Identification Number (CIN) of the company is L70100GJ1994PLC022954. The name of the company changed from Trans Financial Resources Limited to Last Mile Enterprises Limited with effect from 29<sup>th</sup> July 2022. Equity Shares of LMEL are listed on BSE Limited.

### **Main Object of the Company are:**

To carry on either alone or jointly with one or more person, government, local or other bodies, the business of builders, infrastructure-developers, contractors, sub-contractors, Town planners, real estate agents and to build, alter, acquire, convert, improve, design, erect, establish, equipdevelop, dismantle, pull down, turn to account, furnish, level, decorate, fabricate, install, finish, promote, maintain, repair, search, survey, examine, taste, inspect, locate, modify, own, operate, protect, provide, participate, reconstruct, excavate, pour, renovate, remodel, rebuild, undertake, contribute, assist, or otherwise, road ways, dams, bridges, railways, tram-ways, water tanks, canals, warehouses, factories, houses, flats, apartments, housing towers, offices, shops, buildings, sheds, properties, godowns, structures, drainage and sewage works land development, water distribution and filtration systems, docks, marine, ship breaking, harbor, port development, piers, irrigation works, foundation works, flyovers, airport, runways, rock drilling, stadiums, hydraulic units, sanitary work, power stations, hotels, holiday resorts, shopping cum residential complex, hospitals land, buildings, commercial and industrial institution, development and housing scheme, township, hotels, industrial estate, industrial park, technology park, and housing colonies and for the purpose to acquire, handover, purchase, sell, own, cut to size, develop, distribute or otherwise to deal in all source of lands and buildings, real estate venture, and to invest in any shares, securities of any company and also to carry on business as merchants, traders, importer, exporter, retailer, wholesaler, supplier, commission agents, distributor, franchisers, or otherwise to deal in all types and varieties of Industrial, Commercial, Capital, Consumer goods, item, things, article, Product whether finished or semi finished or raw material including chemical, Engineering Goods, Equipments, Apertures, Home-Appliances, Household, Automobiles, Chemicals, Pigments, Colors, Paints and Varnishes, Electrical and electronic goods, Computer Hardware, Software, Gift Article, Toys, Readymade Garments, Fibers and Fabrics, Yam, Textile, Hosiery Goods, Foot wares, Decorative, Glass and Glass Products, Glass ware, Crockery, Beverages, Minerals, Fertilizers, Pesticides, Drugs, Medicines and Pharmaceuticals, Seeds, Food grains, Spices, Cereals, Flours, Fruits, Dry fruits, Vegetables, Herbal and Ayurvedic Products, Agriculture produce and products, Milk and Dairy Products, Food products, Marine Products, Sugar and Sugar Products, Tea and Coffee, Tobacco, Cosmetics, Cement, Cement Product, Ceramics Products, Sanitary ware Salt, Dyes,

Intermediates, Diamond, Gold, Jewelry, precious and semi precious stones & metals, Novelty, Stationery, Ferrous and non- ferrous metals, Solvent, Oil edible and non-edible, Lubricants, fuel additive, Stones, Marbles and Granites, Mining products Plastic and Polymers products, all type of building material, Furniture, Petroleum product, paper product.

#### Capital Structure of the Company;

| Particulars   | Amount (in Rs.) |
|---|-----------------|
| <b>Authorised Share Capital</b>                             |                 |
| 1,25,00,000 Equity shares of Rupees 10.00 each              | 12,50,00,000    |
| <b>Issued, Subscribed &amp; Fully Paid-up Share Capital</b> |                 |
| 1,16,85,768 Equity shares of Rupees 10.00 each              | 11,68,57,680    |

#### Board of Directors

| Sr. No | Name                            | DIN      |
|--------|---------------------------------|----------|
| 1.     | HEMRAJSINH SURENDRASINH VEGHELA | 00287055 |
| 2.     | AMIT GULATI                     | 00473969 |
| 3.     | JAIMINKUMAR HARISHCHANDRA SHAH  | 06920281 |
| 4.     | HARISHKUMAR BHALCHANDRA RAJPUT  | 06970075 |
| 5.     | BHARTI HASMUKHBHAI SHARMA       | 07440079 |
| 6.     | DHRUMANSINH INDRAJEETSINH RAJ   | 08353956 |

#### 2. PURPOSE:

LMEL intends to issue equity shares on preferential basis to meet its funding requirement. In this regard, LMEL has engaged me to carry out valuation of Equity Shares of the Company as per requirements of Regulation 165 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations"), on the relevant date/valuation date being January 31, 2023.

#### 3. KEY DATES:

**Appointing Authority-** Board of Director of the LMEL

**Appointment Date:** January 23, 2023;

**Valuation Date/Relevant Date:** January 31, 2023;

**Report Date:** January 31, 2023.

#### 4. IDENTITY OF VALUER AND ANY OTHER EXPERTS INVOLVED IN THE VALUATION:

I am independent Registered Valuer as required under the Companies (Registered Valuer & Valuation) Rules, 2017 registered with Insolvency & Bankruptcy Board of India having registration no. IBBI/RV/03/2020/13582. No other Experts are involved in this valuation exercise.

## 5. PECUNIARY INTEREST DECLARATION

I do not have pecuniary interest in the Shares of LMEL, past, present or prospective, and the opinion expressed is free of any bias in this regard. I strictly follow the code of conduct of the Registered Valuation Organization of IBBI.

## 6. SOURCES OF INFORMATION:

I have been provided the following information for the valuation analysis:

- MOA & AOA of LMEL;
- Annual Report for the year ended on March 31, 2022, March 31, 2021 and March 31 2020;
- Unaudited Financial Results for the half year ended September 30, 2022;
- Trading History Data of Equity Shares of LMEL for last 30 trading days from relevant Date;
- Written Representations made by the Company in course of the valuation exercise;
- Other related information from various sources;

Besides the above listing, there may be other information provided by the Client which may not have been perused by me in any detail, if not considered relevant for my defined scope. Discussions (in person / over call) with the management to: Understand the business and fundamental factors that affect its earning- generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance. During the discussions with the management, I have also obtained explanations and information considered reasonably necessary for this exercise.

## 7. FINANCIAL INFORMATION:

### Financial Position of the Company as per Unaudited Financial Results as on 30<sup>th</sup> September, 2022

| Particulars                                  | Amount in Lakh  |
|--|-----------------|
| <b>Non-Current Assets</b>                    |                 |
| Property, Plant and Equipment                | 166.65          |
| Intangible Assets                            |                 |
| Non-Current Investments (Unquoted)           | 108.45          |
| Other Non-Current Assets                     | 939.05          |
| Long Term Loans and Advances                 | 400.70          |
| <b>Total Non - Current Assets</b>            | <b>1,614.85</b> |
|  |                 |
| <b>Current Assets</b>                        |                 |
| Inventories                                  | 523.72          |
| Trade Receivable                             | 432.22          |
| Current Investments (Quoted-at market value) | 564.15          |
| Cash and Bank balance                        | 9.31            |



|   |                 |
|---|-----------------|
| Short Term Loans                            | 202.94          |
| Other Financial Assets                      | 4,414.54        |
| Other Current Assets                        | 647.75          |
| <b>Total Current Assets</b>                 | <b>6,794.63</b> |
| <b>TOTAL ASSETS</b>                         | <b>8,409.48</b> |
|   |                 |
| <b>Non - Current liabilities</b>            |                 |
| Long Term Borrowings                        | 1,117.44        |
| Trade payable other then MSME               | 123.85          |
| Other non-current financial liabilities     | 270.54          |
| Deferred Tax Liabilities                    | 4.30            |
| <b>Total Non - Current Liabilities</b>      | <b>1,516.13</b> |
|   |                 |
| <b>Current liabilities &amp; Provisions</b> |                 |
| Other current financial liabilities         | 2,750.00        |
| Trade payables                              | 79.17           |
| Short term Provision                        | 717.62          |
| Other Current Liabilities                   | 796.80          |
| <b>Total Current Liabilities</b>            | <b>4,343.59</b> |
|   |                 |
| <b>TOTAL LIABILITIES</b>                    | <b>5,859.72</b> |

## 8. VALUATION PARAMETERS

- I. Net Asset Value (NAV)
- II. Price Earning Capacity Value (PECV)
- III. Market Value.

### I. Net Asset Value (NAV)

The Net Assets Method represents the value with reference to historical cost of assets owned by the company and the attached liabilities on particular date. Net asset will be calculated starting from the total assets of the company and deducting there from all debts, borrowing and liabilities, including current and Likely contingent Liability and preference capital if any. In other words, it should represent true net worth of business after providing for all outside present and potential liabilities. In the case of companies, the net assets value calculated from assets side of the balance sheet in the above manner will be crossed checked with equity share capital plus free reserve and surplus, less likely contingent liabilities.

### II. Price Earning Capacity Value (PECV) under Income Approach

Income approach provides an indication of value by converting future cash flow to a single current value. Under this approach, the value of an asset is determined by reference to the

value of income, cash flow or cost savings generated by the asset. In absence of projected financial statements, I have valued the Company under this approach using Capitalisation of the Income Method (PECV).

The profit-earning capacity value will be calculated by capitalising the average of the after-tax profits at the estimated industry price-earning ratio. For the relevant company, I have considered forward PE as per data sets issued by Aswath Damodaran in January, 2023 for Real Estate (Operations & Services) Industry.

(Source: [https://pages.stern.nyu.edu/~adamodar/New\\_Home\\_Page/datacurrent.html](https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datacurrent.html))

The crux of estimating the profit-earning capacity value lies in the assessment of the future maintainable earnings of the business. While the past trends in profits and profitability would serve as a guide, it should not be overlooked that the valuation is for the future and that it is the future maintainable stream of earnings that is of greater significance in the process of valuation. All relevant factors that have a bearing on the future maintainable earnings of the business must, therefore, be given due consideration.

### **III. Market Value:**

Pricing of infrequently traded shares as per Regulation 165 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") is as follows:

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:

Provided the issuer shall submit a certificate stating that the issuer is in compliance of this regulation, obtained from an independent valuer to the stock exchange where the equity shares of the issuer are listed.

Since the shares of this Company are infrequently traded, I considered average of the weighted average market price of the equity shares for the preceding 30 trading days to give due consideration to market value.

## **9. VALUATION ANALYSIS:**

In terms of Regulation 165 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") and by using the Valuation Parameters, the following is the Valuation Analysis of Equity Shares of the Company.



| Sr. No. | Valuation Parameters  | Value per Equity Share<br>(in Rupees) |
|---------|---|---------------------------------------|
| 1.      | Price Earning Capacity Value Method   | 25.18                                 |
| 2.      | Net Assets Value Method   | 21.71                                 |
| 3.      | Average of the weighted average market price of the equity shares for the preceding 30 trading days | 114.73                                |

**For, detailed working calculation of Value of Equity Share, please refer;**

**Annexure 1** - For Net Assets Value Method

**Annexure 2** - For Price Earning Capacity Value Method

**Annexure 3** - For average of the weighted average market price for the preceding 30 trading days

| Sr. No | Method  | Value per Equity Share (in Rupees)<br>(A) | Weights<br>(B) | Weighted<br>(C=A*B) |
|--------|---|---|----------------|---------------------|
| 1.     | Price Earning Capacity Value Method   | 25.18                                     | 5%             | 1.26                |
| 2.     | Net Assets Value Method   | 21.71                                     | 90%            | 19.54               |
| 3.     | Average of the weighted average market price of the equity shares for the preceding 30 trading days | 114.73                                    | 5%             | 5.74                |
|        |   | <b>Total (D)</b>                          | <b>100%</b>    | <b>26.54</b>        |
|        |   | <b>Floor Price (In Rupees)</b>            |                | <b>27.00</b>        |

## 10. CONCLUSION:

In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments etc. which are not evident from the face of the documents available with me but which will strongly influence the worth of a Shares. In the light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined in this report, I conclude as under;

| Sr. No. | Provisions  | Minimum Floor Price (in Rupees) |
|---------|---|---------------------------------|
| A       | Floor Price in terms of Regulation 165 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") | 27.00                           |

Accordingly, the Floor Price of the Equity Share of the Company having Face Value of Rupees 10.00 each in terms of Chapter V of SEBI ICDR Regulations as at Relevant date is **INR 27.00 (Rupees Twenty Seven Only) (rounded off)**.

## **11. CAVEATS, LIMITATIONS AND DISCLAIMERS:**

My report is subject to the scope 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. My engagement for this valuation consulting work does not include any procedures designed to discover any defalcations or other irregularities, should any exist.

I have provided an assessment of the value based on the information available, application of certain formula and within the scope and constraints of our engagement, others may place a different value to the same. However, I independently did not verify such information and make no representation as to the accuracy or completeness of such information obtained from or provided by such sources.

The company and its representatives warranted to me that the information supplied to me was complete and accurate to the best of their knowledge and that the financial information properly reflects the business conditions and operating results for the respective periods in accordance with generally accepted accounting principles. Information supplied to me has been accepted as correct without any further verification. I have not audited, reviewed, or compiled the historical provided to me and, accordingly, I do not express any audit opinion or any other form of assurance on this information. Because of the limited purpose of the information presented, it may be incomplete and contain departures from generally accepted accounting principles. In the course of the valuation, I was provided with both written and verbal information. I have, however, evaluated the information provided to me by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement.

My conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company. I assume no responsibility for any errors in the above information furnished by the Company and consequential impact on the present exercise.

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

No investigation on the Company's claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the liabilities in the books. Therefore, no responsibility is assumed for matters of a legal nature.

My work does not constitute an audit or certification of the historical financial statements including the working results of the Company referred to in this report. Accordingly, I am unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation mentioned in the report and it is as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

I have no responsibility to update this report for events and circumstances occurring after the date of this report. My fees is not contingent to the results or output of this report. I will not be responsible to appear in front of Companies Act, income tax, RBI or any other regulatory authority in relation to the said valuation.

The decision to carry out the transaction (including consideration thereof) on the basis of this valuation lies entirely with the LMEL and my work and my finding shall not constitute a recommendation as to whether or not LMEL should carry out the transaction. The report and conclusion of value are not intended by the author and should not be construed by the reader to be investment advice in any manner whatsoever. The conclusion of value represents my opinion, based on information furnished to me by the client and other sources. Any person/party intending to provide finance/invest in the shares/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.

My report is meant for the purpose mentioned in point 2 of this report and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining my prior written approval for any purpose other than the purpose for which it is prepared.

I acknowledge that I am independent valuer and have no present or contemplated financial interest in the Company. My fees for this valuation is based upon my normal billing rates, and not contingent upon the results or the value of the business or in any other manner. I have not been engaged by the Company in any unconnected transaction during last five years.

Neither me, nor any employees of my firm 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. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.

Thanking you,

Yours faithfully,



Place: Noida

Date: 31<sup>st</sup> January, 2023

**Vanita Agarwal**

Registered Valuer-Securities or Financial Assets

IBBI No: IBBI/RV/03/2020/13582

### Valuation of Equity Shares of LMEL under NAV Method

#### Calculation of Net Assets Value of the Company as at September 30, 2022

| Particulars  | Amount in Lakh |
|--|----------------|
| Net Assets available for equity shares                       | 2,549.76       |
| Less: Contingent Liabilities                                 | 12.52          |
| Less: Preference Share Capital                               | -              |
| Net Assets available for fully paid-up equity shares         | 2,537.24       |
| No. of Equity shares of Rs. 10/- each fully paid-up (actual) | 1,16,85,768.00 |
| <b>Value per equity shares</b>                               | <b>21.71</b>   |

#### Notes:

**Contingent Liabilities:** Audited Financial Report for FY 2020-21 & FY 2021-22 provides contingent liabilities worth Rs. 12.52 Lakh in respect of disputed matters with Income Tax Department. As per representation from the management, there is no significant change in the status of such dispute. Hence, said contingent liabilities are recognised to derive net assets available to equity shareholders.

## Valuation of Equity Shares of LMEL under PECV Method

Amount in Lakh

| Financial Year                                | Profit before tax | Weight | Product         |
|---|-------------------|--------|-----------------|
| 2021-2022                                     | 170.32            | 3      | 85.16           |
| 2020-2021                                     | 370.39            | 2      | 123.46          |
| 2019-2020                                     | 285.11            | 1      | 47.52           |
| Average maintainable profits before tax       |                   |        | 256.14          |
| less: Tax @ statutory tax rate i.e. 22%       |                   |        | 56.35           |
| <b>Average maintainable profits after tax</b> |                   |        | <b>199.79</b>   |
| Industry P/E                                  |                   |        | <b>14.79</b>    |
| <b>Capitalised Value</b>                      |                   |        | <b>2,954.81</b> |
| Less: Contingent Liability                    |                   |        | 12.52           |
| <b>Equity Value</b>                           |                   |        | <b>2,942.29</b> |
| Number of equity shares (actual)              |                   |        | 1,16,85,768     |
| <b>Valuer per share as per PECV method</b>    |                   |        | <b>25.18</b>    |



**Average of the weighted average market price of the equity shares  
for the preceding 30 trading days of the stock exchange**

| <b>Date</b>    | <b>WAP</b>    |
|----------------|---------------|
| 30-Jan-23      | 135.78        |
| 27-Jan-23      | 138.43        |
| 25-Jan-23      | 136.99        |
| 24-Jan-23      | 133.22        |
| 23-Jan-23      | 142.37        |
| 20-Jan-23      | 135.97        |
| 19-Jan-23      | 129.60        |
| 18-Jan-23      | 123.45        |
| 17-Jan-23      | 117.60        |
| 16-Jan-23      | 110.34        |
| 13-Jan-23      | 110.72        |
| 12-Jan-23      | 111.10        |
| 11-Jan-23      | 116.90        |
| 10-Jan-23      | 128.15        |
| 09-Jan-23      | 129.47        |
| 06-Jan-23      | 123.64        |
| 05-Jan-23      | 117.80        |
| 04-Jan-23      | 112.20        |
| 03-Jan-23      | 105.36        |
| 02-Jan-23      | 101.85        |
| 30-Dec-22      | 96.69         |
| 29-Dec-22      | 93.41         |
| 27-Dec-22      | 92.86         |
| 26-Dec-22      | 92.98         |
| 23-Dec-22      | 94.79         |
| 22-Dec-22      | 93.29         |
| 20-Dec-22      | 89.00         |
| 19-Dec-22      | 98.61         |
| <b>Average</b> | <b>114.73</b> |