

# **VALUATION REPORT**

**REPORT ON FAIR VALUE OF  
EQUITY SHARES OF  
MINI DIAMONDS (INDIA) LIMITED**

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## Summary Report

- |   |                                   |
|---|-----------------------------------|
| 1. Date of Valuation                          | : 27 <sup>th</sup> February, 2024 |
| 2. Date of appointment                        | : 22 <sup>nd</sup> February, 2024 |
| 3. Date of submission of the Valuation Report | : 29 <sup>th</sup> February, 2024 |

The said valuation assignment has been conducted for the purpose of computing the Value per Equity Share of **MINI DIAMONDS (INDIA) LIMITED** (herein after referred to as **"MDIL" or "the Company"**) for the purpose to estimate the fair value for further issuance of securities, as per Section 42 and Section 62(1)(c) of the Companies Act 2013 read with Rule 13(2)(g) of Companies (Share Capital and Debentures) Rules, 2014 and in accordance with the 'Chapter V - Preferential Issue' of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**"SEBI (ICDR) Regulations 2018"**) and the valuation guidelines stipulated under ICAI Valuation Standards.

The Value per Equity Share ascertained by us is **Rs. 25.33 per share**.

**For and on behalf of**



(Sejal Ronak Agrawal)  
IBBI/RV/06/2020/13106  
M No: 141498  
Regd. Valuer – Securities & Financial Assets  
UDIN: 24141498BKDHIQ5597





## Executive Summary

Client	: MINI DIAMONDS (INDIA) LIMITED
CIN	: L36912MH1987PLC042515
Valuation Date	: 27 <sup>th</sup> February, 2024
Appointed Date	: 22 <sup>nd</sup> February, 2024
Relevant Date	: 28 <sup>th</sup> February, 2024
Date of Report	: 29 <sup>th</sup> February, 2024
Purpose of Valuation	Fresh issue of convertible equity warrants on preferential basis as per Section 42 and Section 62(1)(c) of the Companies Act 2013 read with Rule 13(2)(g) of Companies (Share Capital and Debentures) Rules, 2014 and in accordance with the 'Chapter V - Preferential Issue' of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('SEBI (ICDR) Regulations 2018')
Base of Valuation	Fair Value ICAI Valuation Standards" (IVS) 102
Premise of Valuation	Going Concern ICAI Valuation Standards" (IVS) 102
Method for Valuation	Market Approach (Market price method and Companies Comparable Multiple Method), Net Asset Approach, Income Approach
Value Variation from Standard Assumptions	None
Special Assumptions	None
Capacity & Status of Valuer	External- Sejal Agrawal (RV-S&FA)
Independence	The total fees, including the fee for this assignment earned from the instructing party are less than 5.0% of our total annual revenues.
Standards Utilized	ICAI Valuation Standard



## **Introduction**

### **Background Information:**

CIN	L36912MH1987PLC042515
Company Name	MINI DIAMONDS (INDIA) LIMITED
Company Status	Active
RoC	RoC- Mumbai
Registration Number	042515
Company Category	Company limited by Shares
Company Sub Category	Non-govt company
Class of Company	Public
Date of Incorporation	12/02/1987
Age of Company	37 years
Activity	The company is engaged in manufacturing and trading of cut and polished diamonds (CPDs) and trading of rough diamonds.



The Board of Directors of the company as on valuation date are as follows: -

### Director Details

Directors/Signatory Details

DIN	Director Name	Designation
01114643	DILIP SHAH JASWANT	Director
00748451	UPENDRA NAROTTAMDAS SHAH	Managing Director
08858090	NIHARIKA ROONGTA	Director
03643455	RONISH U SHAH	Director
08335669	CHINTAN MAHESH SHAH	Director
09539202	NARAYANBHAI PRAGJIBHAI KEVADIA	Director

### Shareholding pattern :

Shareholding Details of the company as on December 31, 2023.

Category of Shareholders	No. of shareholders	No. of fully paid up equity Shares held	Shareholding as a % of total number of shares
Promoters and Promoter Group (A)	11	12,67,113	35.50
Public (B)	12,837	23,02,003	64.50
Grand Total (A) + (B)	12,848	35,69,116	100





## **Caveats, Limitations and Disclaimers**

### **i. Restriction on use of Valuation Report**

This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use. I do not take any responsibility for the unauthorized use of this report.

### **ii. Responsibility of RV**

We owe responsibility only to the client that has appointed us under the terms of the engagement letters. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the client or companies, their directors, employees or agents.

### **iii. Accuracy of Information**

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the clients existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.

### **iv. Achievability of the forecast results**

We do not provide assurance on the achievability of the results forecast by the management as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected as the achievement of the forecast results is dependent on actions, plans and assumptions of management.

### **v. Post Valuation Date Events**

The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.

### **vi. Reliance on the representations of the clients, their management and other third parties**

The client and its management warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the clients, their management and other third parties concerning the financial data, operational data and maintenance schedule of all plant-machinery-equipment-tools-vehicles, real estate investments and any other investments in tangible assets except as specifically stated to the contrary in the report. We shall not be liable for any loss, damages, cost or expenses arising from



fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.

**vii. No procedure performed to corroborate information taken from reliable external sources**

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 or reproduced in its proper form and context.

**viii. Compliance with relevant laws**

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 companies 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 reflected in the balance sheet provided to us.

**ix. Multiple factors affecting the Valuation Report**

The valuation report is tempered by the exercise of judicious discretion by the RV, taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.

**x. Future services including but not limited to Testimony or attendance in courts/ tribunals/ authorities for the opinion of value in the Valuation Report**

We are fully aware that based on the opinion of value expressed in this report, we may be required to give testimony or attend court / judicial proceedings with regard to the subject assets, although it is out of scope of the assignment, unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such event, the party seeking our evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings and our tendering evidence before such authority shall be under the applicable laws.





## Purpose of the Report

This valuation is done for the purpose of determining the value per equity share for issuance of Equity Shares in pursuance to compliance with the provisions of Section 42 and Section 62(1)(c) of the Companies Act 2013 read with Rule 13(2)(g) of Companies (Share Capital and Debentures) Rules, 2014 and in accordance with the 'Chapter V - Preferential Issue' of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**'SEBI (ICDR) Regulations 2018'**) and the valuation guidelines stipulated under ICAI Valuation Standards.

- The company is looking to assess its fair value for the proposed issuance of Equity Shares in accordance with Regulations 164 and 166A of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018 ("ICDR") using latest available Audited Auditor's Report on Financial Results as on 31<sup>st</sup> March, 2023 for the Preferential Allotment of Equity Shares.
- There is no change in control, however, allotment to the Proposed allottees is more than five percent of the post issue fully diluted share capital of the issuer, therefore, the pricing of Equity Share of the Company shall be determined as higher of:
  - the price determined as per Regulation 164 of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018 or
  - the price determined as per Valuation Report of an Independent Registered Valuer as per Regulation 166A of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018 or
  - the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable.
- For the purposes of price to be determined as per Regulation 164 of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018, the equity shares of the company are frequently traded on the stock exchange, on BSE and thus Regulation 164(1) becomes applicable.
- For the purposes of valuation under Regulation 166A, detailed valuation methodology has been explained in this report.
- Further, Clause 5(1) of the Articles of Association of the Company provides the following and doesn't prescribe any specific method for determining the price :-

*"Subject to the provision of the Act and these Articles, the shares shall be under the control of the Board who may issue, allot or otherwise dispose off the same or any of them to such persons, in such proportion and on such terms and conditions at such time either at par or at a premium, and for such consideration as the Board thinks fit. Provided that, where at any time it is proposed to*



*increase the subscribed capital of the Company by the allotment of further shares, then the Board shall issue such shares subject to the provisions of Section 62 and other applicable provisions of the Act and rules thereunder. Provided that option or right to call of any share shall not be given to any person except with the sanction of the Company in general meeting."*

- The relevant extract of the regulation 164 and 166A are as under:

**Regulation 164: Pricing of frequently traded shares**

1. *If the equity shares of the issuer have been listed on a recognised stock exchange for a period of 90 trading days or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:*
  - (a) *The 90 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or*
  - (b) *The 10 trading days volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.*

*Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.*

2. *If the equity shares of the issuer have been listed on a recognised stock exchange for a period of less than 90 trading days as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than the higher of the following:*
  - (a) *The price at which equity shares were issued by the issuer in its initial public offer or the value per share arrived at in a scheme of compromise, arrangement and amalgamation under sections 230 to 234 the Companies Act, 2013, as applicable, pursuant to which the equity shares of the issuer were listed, as the case may be; or*
  - (b) *the average of the volume weighted average prices of the related equity shares quoted on the recognised stock exchange during the period the equity shares have been listed preceding the relevant date; or*
  - (c) *the average of the 10 trading days volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.*

*Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these*



regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.

3. Where the price of the equity shares is determined in terms of sub-regulation (2), such price shall be recomputed by the issuer on completion of 90 trading days from the date of listing on a recognised stock exchange with reference to the 90 trading days volume weighted average prices of the related equity shares quoted on the recognised stock exchange during these 90 trading days and if such recomputed price is higher than the price paid on allotment, the difference shall be paid by the allottees to the issuer.

Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.

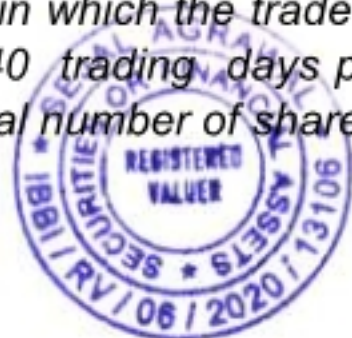
4. (a) A preferential issue of specified securities to qualified institutional buyers, not exceeding five in number, shall be made at a price not less than the 10 trading days volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.

Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue:

(b) no allotment shall be made, either directly or indirectly, to any qualified institutional buyer who is a promoter or any person related to the promoters of the issuer: Provided that a qualified institutional buyer who does not hold any shares in the issuer and who has acquired rights in the capacity of a lender shall not be deemed to be a person related to the promoters. Explanation.—For the purpose of this clause, a qualified institutional buyer who has any of the following rights shall be deemed to be a person related to the promoters of the issuer :-

- (a) rights under a shareholder's agreement or voting agreement entered into with promoters or promoter group;
- (b) veto rights; or
- (c) right to appoint any nominee director on the board of the issuer.

5. For the purpose of this Chapter, "frequently traded shares" means the shares of the issuer, in which the traded turnover on any recognised stock exchange during the 240 trading days preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer:





*Provided that where the share capital of a particular class of shares of the issuer is not identical throughout such period, the weighted average number of total shares of such class of the issuer shall represent the total number of shares.*

**Explanation:** For the purpose of this regulation, 'stock exchange' means any of the recognised stock exchange(s) in which the equity shares of the issuer are listed and in which the highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding 90 trading days prior to the relevant date.

**Regulation 166A: Allotment of more than five per cent of the post issue fully diluted share capital of the Issuer**

(1) Any preferential issue, which may result in a change in control or allotment of more than five per cent. of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price:

*Provided that the floor price, in such cases, shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be, or the price determined under the valuation report from the independent registered valuer or the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable:*

Keeping in the view of above regulations: -

- There is no change in control, however, the allotment to the proposed allottees is more than five percent of the post issue fully diluted share capital of the issuer

**The Companies Act, 2013**

**Relevant Extract of Section 62: Further issue of share capital**

(1) Where at any time, a company having a share capital proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered—

(c) to any persons, if it is authorised by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed





### **Scope of Work and Bases of Valuation**

- Registered Valuer has been appointed by the Management to issue a report on the likely valuation of equity share. I understand that the purpose of the said report is to determine the Fair Market Value of quoted equity shares of the company for the purpose of issuance of equity shares on a preferential basis as per Section 42 and Section 62(1)(c) of the Companies Act 2013 read with Rule 13(2)(g) of Companies (Share Capital and Debentures) Rules, 2014 and in accordance with the 'Chapter V - Preferential Issue' of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('SEBI (ICDR) Regulations 2018').
- Registered Valuer to value the Equity Shares of the Company as per the ICAI Accounting Standards.
- The value is to be determined with reference to the date of Valuation.

### **Appointing Authority**

The management of the Company appointed CA Sejal Agrawal (Registered Valuer cum Chartered Accountant) for valuation of Equity Shares.

### **Disclosure of Registered Valuer Interest**

I have no present or prospective contemplated financial interest in the Company nor any personal interest with respect to the Promoters & Board of Directors of the Company. I have no bias/prejudice with respect to any matter that is the subject of the valuation report or to the parties involved with this engagement.

My professional fee 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.

### **Basis and Premise of Valuation**

As per ICAI Valuation Standards 102, Valuation base means the indication of the type of value being used in an engagement. Different valuation bases may lead to different conclusions of value. Therefore, it is important for the Valuer to identify the bases of value pertinent to the engagement. This Standard defines the following valuation bases: Fair value, Participant Specific Value and Liquidation Value.

As the Company is a going concern, Independent Registered Valuer has decided to choose Fair Value as base of the Valuation. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.

Premise of Value refers to the conditions and circumstances how an asset is deployed. This valuation is performed on the premise that the Company will continue to operate as a going concern. IVS 102 defines 'going concern value' as "the value of a business enterprise that is expected to continue to operate in the future."



### Source of Information

- Financial Statements of the Company for the Financial Year 2022-23.
- Limited Review Report for year ended 31<sup>st</sup> Dec, 2023.
- A signed management representation letter dated 22<sup>nd</sup> February, 2024 stating the projections are based on best estimates and judgment of the management.
- Data extracted from publicly available sources believed to be reliable and true i.e. money control, BSE, and The Economic Times.
- Copy of company profile including the details about business of the company and the product range of the company.
- Other information / data available in public domain.

### Valuation Methodology and Approaches

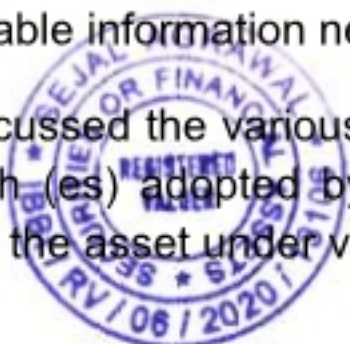
In valuing the shares of the company, we need to perform the following steps:

1. Understanding the Business of the company
2. Understanding the Industry in which the company operates
3. Identifying the Assets of the company, including Income Generating Businesses, fixed assets, etc.
4. Valuing the Assets of the company, wherein, three different approaches may be employed to determine value: (i) the Income Approach, (ii), the Market Approach and (iii) the Cost Approach. While each of these approaches is initially considered in the valuation of an asset, the nature and characteristics of the asset, availability of required data for each of the approaches indicate which approach, or approaches, is most applicable.
5. Identifying the liabilities of the company
6. Computing the Value available to Shareholders and arriving at the Value per share

As required by Valuation Standards, we have given consideration to all the relevant and appropriate valuation approaches. In selecting the appropriate valuation approach and method, we have considered the following:

- a) The appropriate basis (es) of value and premise(s) of value, determined by the terms and purpose of the valuation assignment,
- b) The respective strengths and weaknesses of the possible valuation approaches and methods,
- c) The appropriateness of each method in view of the nature of the asset, and the approaches or methods used by participants in the relevant market, and
- d) The availability of reliable information needed to apply the method(s).

We have hereunder discussed the various approaches available under the valuation standards and approach (es) adopted by us after considering the above and the information available for the asset under valuation:





### **Income Approach**

The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset. This approach is appropriate where the income-producing ability of the asset is the critical element affecting the value or reasonable projections of the amount and timing of future income are available for the subject asset. The approach is used where 'Anticipation of benefits' is the economic principle which would be used by market participants to decide the Value of the subject asset.

The following Income Approach method have been considered by us in the report:

#### **➤ Discounted Cash Flow (DCF) Method**

DCF uses the future free cash flows of the company discounted by the firm's weighted average cost of capital (the average cost of all the capital used in the business, including debt and equity), plus a risk factor measured by beta, to arrive at the present value.

Beta is an adjustment that uses historic stock market data to measure the sensitivity of the company's cash flow to market indices, for example, through business cycles.

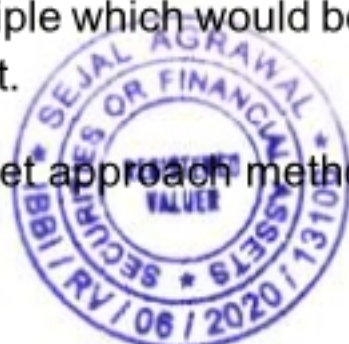
The DCF method is a strong valuation tool, as it concentrates on cash generation potential of a business. This valuation method is based on the capability of a company to generate cash flows in the future. The free cash flows are projected for a certain number of years and then discounted at a discount rate that reflects a company's cost of capital and the risk associated with the cash flows it generates. DCF analysis is based mainly on the following elements:

- Projection of financial statements (key value driving factors)
- The cost of capital to discount the projected cash flows

### **Market Approach**

The market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available. This approach is appropriate where the subject assets or substantially similar assets are frequently publicly traded and the information on the market transactions are sufficiently and reliably available. The approach is used where 'Price Equilibrium' is the economic principle which would be used by market participants to decide the Value of the subject asset.

The following Market approach methods have been considered by us in this report:





- **Guideline Publicly Trade comparable method** – The Guideline publicly trade comparable method utilizes the information on publicly traded comparable that are the same or similar to the subject asset to arrive at an indication of the value.
- **Comparable transactions method** - The comparable transactions method, also known as the guideline transactions method, utilizes information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value.

### **Cost Approach**

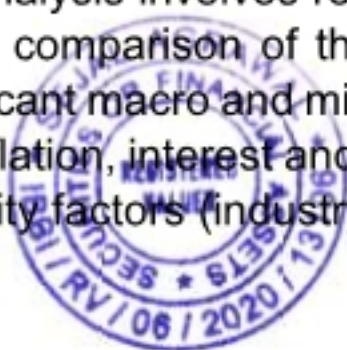
The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. The approach is used where 'cost of substitution' is the economic principle which would be used by market participants to decide the Value of the subject asset.

The value arrived at under this approach is based on the financial statements of the Company, may be defined as Shareholders' Funds or Net Assets owned by the Company. The balance sheet values are adjusted for any contingent liabilities that are likely to materialize.

### **Selection of Valuation Methodology**

There is no single definition of the term 'Value' that is suitable for all purposes or at all times. The value of a particular asset may vary according to different valuation methodologies that are adopted to ascertain the value for a specific purpose. Valuation of securities is an inexact science. It may sometimes involve a set of judgments and assumptions that may be subject to certain uncertainties. In the section above, Independent Registered Valuer has discussed some of the commonly used valuation methodologies. The valuation methodology to be adopted varies from case to case depending upon different factors affecting valuation. There are a number of methodologies to value companies / businesses using historical and forecast financials of the company.

A typical valuation analysis involves review and analysis of historical financials of the company and broad comparison of the company's forecast financial projections as regards all the significant macro and micro variables like economy and industry growth rate assumptions, inflation, interest and foreign exchange rates and tax rate forecasts. Company's profitability factors (industry competitive factors and company's operating





strategies and its competitive position in the industry), economies of scale and optimal capital structure also affects the business valuation of the company.

However, the value is specific to the point in time and may change with the passage of time.

### **Valuation of Shares of the Company**

We have considered appropriate weightage to all the three methods as discussed above and derived a value of equity share.

#### **Weightage Average method**

Relevant date	28/02/2024
Valuation date	27/02/2024

MINI DIAMONDS (INDIA) LTD			
Valuation Approach			
	Value per share (INR)	Weight	Total Value (Weight x Price)
A. Asset Approach [NAV] (Annexure 1)	18.29	33.33%	6.10
B. Market Approach -VWAP Basis [90/10 days] (Annexure 2)	25.33	33.33%	8.44
C. Income Approach-[DCF] (Annexure 3)	25.81	33.33%	8.60
<b>TOTAL</b>		<b>100%</b>	<b>23.14</b>
<b>Average Price Per Share (Round off)</b>			<b>23.00</b>

The price computed above is in consonance with Regulation 166A, shall conform to the pricing provisions of preferential issue specified under Chapter V of the ICDR Regulations.

#### 1. Net Asset Value (NAV):

The Net Asset Value method calculates the value of a company based on its assets and liabilities. Assigning 33.33 weight to NAV is justified for the following reasons:

- In allocating a weightage of 33.33 to the Net Asset Approach (NAV), In the diamond industry, where physical assets like diamond mines, processing plants, and inventory are significant components of a company's value, the NAV method becomes crucial.



## 2. Market Approach:

Market Price Method: Assigning a weight of 33.33 to the Market Price Method, specifically utilizing Volume Weighted Average Price (VWAP) over 10 and 90 days,

- The diamond market is highly dynamic and subject to frequent price fluctuations due to changes in demand, supply, and market sentiment.
- By considering both short-term (10 days) and slightly longer-term (90 days) perspectives, it accounts for recent market trends and provides a balanced view.

## 3. DCF Method (Discounted Cash Flow):

The DCF method is a fundamental approach to valuation that estimates the present value of a company's future cash flows. Discounted Cash Flow Method under the Income Approach has been considered. For computing the Value of Shares using Income Method, we have adopted the Discounted Cash Flows (DCF) method. Discounted cash flow is one of the most prominent methodologies of valuation. Assigning 0.33 weight to DCF is justified for the following reasons:

- DCF is a fundamental valuation method that focuses on the future cash flows of the company, providing a comprehensive and intrinsic view of its value.
- It considers the time value of money, providing a present value for future cash flows, making it a robust method for long-term investment analysis.

The price computed above is in consonance with Regulation 166A as amended by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 vide Notification No. SEBI/LAD-NRO/GN/2022/63 dated 14<sup>th</sup> January, 2022 which mandates that preferential issue of equity shares which may result in allotment of more than five per cent, shall conform to the pricing provisions of preferential issue specified under Chapter V of the ICDR Regulations.





## Conclusion

Based on my valuation exercise, the minimum issue price for the issuance of the Equity shares as at the close of trading hours of the date preceding the Relevant date i.e. 28<sup>th</sup> February, 2024 as per Regulation 166A is Rs. 25.33 per share, i.e. higher of the value arrived under Regulation 164(1) or by the Valuation Approach adopted by me.

The allotment to proposed allottees is for cash consideration and there is no change in control, however, the allotment is more than five percent of the post issue share capital of the issuer, kindly treat this valuation report as per the mandatory requirement of Regulation 166A of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

*We trust the above meets your requirements.*

*Thanking you,*



**Sejal Agrawal**

**Registered Valuer**

(Regn. No.: IBBI/RV/06/2020/13106)

(IP, RV, FCA, FCS, DISA,

Forensic Audit and Fraud Detection,

Ind-AS, Concurrent Audit)

**Address:** 7, Ritu Apartment, Nilima Park Soc.,  
Bhairavnath Road, Mainnagar  
Ahmedabad-380008

**Mob:** 9687672506

**Email:** [swiftsejal@gmail.com](mailto:swiftsejal@gmail.com)



**Annexure 1**

**Valuation Method – Net Asset Approach**

Book value based on Audited financial statement as on 31st March, 2023 has been calculated.

Amount in INR Lacs	
Particulars	As on March 31, 2023
<b>Assets:</b>	
<b>Non-current assets:</b>	
(A) property, plant & equipment's & intangibles assets	262.45
(B) deferred tax assets (net)	4.07
(C) long term loans and advances	8.21
<b>Total non-current assets</b>	<b>274.74</b>
<b>Current assets:</b>	
(A) inventories	2,207.92
(B) trade receivables	9,407.44
(C) cash and cash equivalents	22.64
(D) short-term loans and advances	357.14
(E) other current assets	0.09
<b>Total current assets</b>	<b>11,995.24</b>
<b>Total -assets (a)</b>	<b>12,269.98</b>
<b>Liabilities</b>	
<b>Current liabilities</b>	
(A) short term borrowings	1,322.50
(B) trade payables	9,917.37
(C) other current liabilities	399.05
<b>Total current liabilities</b>	<b>11,638.92</b>
<b>Total liabilities (b)</b>	<b>11,638.92</b>
<b>Total book value (a-b)</b>	<b>631.06</b>
No. Of shares as on march 31, 2023	34,50,000.00
<b>Book value per share</b>	<b>18.29</b>





## Annexure 2

### Valuation Method - VWAP Basis [90/10 days]

#### Regulation 164(1)

- At least 10% of the total equity shares have been traded on the BSE and NSE in 240 trading days preceding the Valuation Date, therefore, equity shares of the company shall be treated as frequently traded.
- Stock Exchange means the Stock Exchange where highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding 90 trading days prior to the Valuation Date. NSE is having higher turnover as compared to BSE, therefore, NSE data is considered for all relevant computations.
- For the purpose of valuation, we have relied on the data of NSE in accordance to the amended Regulations 164 and 166A of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended vide Notification No. SEBI/LAD-NRO/GN/2022/63 dated 14<sup>th</sup> January, 2022.

#### Valuation as per Weighted Average for 10 Days preceding the relevant date:

S.NO	DATE	VWAP	NO OF SHARE	NO. OF TRADES	TOTAL TURNOVER (RS.))
1	27-Feb-24	-	-	-	-
2	26-Feb-24	-	-	-	-
3	23-Feb-24	28.03	4,679.00	24.00	1,31,152.00
4	22-Feb-24	26.70	5,990.00	21.00	1,59,933.00
5	21-Feb-24	25.43	1,940.00	17.00	49,334.00
6	20-Feb-24	24.22	2,969.00	20.00	71,900.00
7	19-Feb-24	23.03	1,602.00	8.00	36,898.00
8	16-Feb-24	21.98	449.00	6.00	9,869.00
9	15-Feb-24	20.80	5.00	1.00	104.00
10	14-Feb-24	19.95	2,340.00	10.00	46,683.00
			<b>19,974</b>		<b>5,05,873</b>
<b>VWAP of 10 Trading 'days</b>					<b>25.33</b>

#### Valuation as per Weighted Average for 90 Days preceding the relevant date:

S.NO	DATE	VWAP	NO OF SHARE	NO. OF TRADES	TOTAL TURNOVER (RS.))
1	19-Oct-23	18.09	3,993.00	42.00	72,248.00
2	20-Oct-23	18.59	3,212.00	17.00	59,727.00
3	23-Oct-23	17.99	2,397.00	30.00	43,122.00
4	25-Oct-23	18.48	1,080.00	19.00	19,958.00
5	26-Oct-23	18.06	640.00	10.00	11,557.00
6	27-Oct-23	17.82	896.00	17.00	15,968.00



S.NO	DATE	VWAP	NO OF SHARE	NO. OF TRADES	TOTAL TURNOVER (RS.))
7	30-Oct-23	17.83	305.00	12.00	5,439.00
8	31-Oct-23	17.51	2,153.00	14.00	37,702.00
9	01-Nov-23	18.22	1,713.00	15.00	31,218.00
10	02-Nov-23	17.86	620.00	10.00	11,076.00
11	03-Nov-23	17.85	66.00	10.00	1,178.00
12	06-Nov-23	17.89	161.00	3.00	2,881.00
13	07-Nov-23	17.43	1,102.00	15.00	19,207.00
14	08-Nov-23	18.16	1,746.00	16.00	31,707.00
15	09-Nov-23	18.01	338.00	13.00	6,087.00
16	10-Nov-23	17.95	800.00	14.00	14,360.00
17	12-Nov-23	18.05	238.00	7.00	4,295.00
18	13-Nov-23	18.47	871.00	14.00	16,086.00
19	15-Nov-23	18.40	1,270.00	20.00	23,367.00
20	16-Nov-23	17.78	1,944.00	34.00	34,566.00
21	17-Nov-23	18.23	2,819.00	28.00	51,377.00
22	20-Nov-23	17.54	3,783.00	37.00	66,369.00
23	21-Nov-23	17.87	1,416.00	18.00	25,299.00
24	22-Nov-23	18.25	211.00	8.00	3,850.00
25	23-Nov-23	18.37	351.00	15.00	6,448.00
26	24-Nov-23	17.61	2,254.00	28.00	39,702.00
27	28-Nov-23	17.93	377.00	8.00	6,758.00
28	29-Nov-23	17.63	716.00	15.00	12,625.00
29	30-Nov-23	17.83	435.00	11.00	7,758.00
30	01-Dec-23	17.91	805.00	15.00	14,420.00
31	04-Dec-23	18.30	1,053.00	14.00	19,271.00
32	05-Dec-23	17.91	4,925.00	31.00	88,213.00
33	06-Dec-23	17.99	672.00	14.00	12,089.00
34	07-Dec-23	18.41	1,004.00	21.00	18,480.00
35	08-Dec-23	18.12	4,278.00	34.00	77,529.00
36	11-Dec-23	18.31	830.00	15.00	15,197.00
37	12-Dec-23	17.81	3,305.00	26.00	58,850.00
38	13-Dec-23	18.04	1,244.00	22.00	22,437.00
39	14-Dec-23	17.88	2,622.00	25.00	46,891.00
40	15-Dec-23	17.57	113.00	7.00	1,985.00
41	18-Dec-23	17.56	8,830.00	48.00	1,55,095.00
42	19-Dec-23	18.22	3,319.00	17.00	60,482.00
43	20-Dec-23	18.23	2,393.00	16.00	43,626.00
44	21-Dec-23	17.58	3,002.00	23.00	52,786.00
45	22-Dec-23	17.83	1,276.00	21.00	22,753.00
46	26-Dec-23	17.49	1,900.00	24.00	33,223.00
47	27-Dec-23	17.91	742.00	15.00	13,288.00
48	28-Dec-23	18.11	1,901.00	27.00	34,425.00
49	29-Dec-23	17.66	2,722.00	19.00	48,076.00
50	01-Jan-24	17.86	1,056.00	29.00	18,855.00
51	02-Jan-24	17.94	1,059.00	27.00	18,999.00



S.NO	DATE	VWAP	NO OF SHARE	NO. OF TRADES	TOTAL TURNOVER (RS.))
52	03-Jan-24	17.65	3,754.00	59.00	66,253.00
53	04-Jan-24	17.96	1,863.00	30.00	33,460.00
54	05-Jan-24	18.04	3,515.00	33.00	63,397.00
55	08-Jan-24	18.38	3,904.00	50.00	71,768.00
56	09-Jan-24	18.24	5,553.00	45.00	1,01,314.00
57	10-Jan-24	17.92	3,006.00	35.00	53,864.00
58	11-Jan-24	18.31	849.00	17.00	15,548.00
59	12-Jan-24	18.39	1,594.00	23.00	29,320.00
60	15-Jan-24	18.60	5,317.00	46.00	98,877.00
61	16-Jan-24	19.43	8,473.00	64.00	1,64,595.00
62	17-Jan-24	20.12	4,717.00	43.00	94,920.00
63	18-Jan-24	21.16	13,380.00	72.00	2,83,162.00
64	19-Jan-24	21.72	10,766.00	81.00	2,33,859.00
65	20-Jan-24	22.95	4,841.00	45.00	1,11,114.00
66	23-Jan-24	24.04	9,708.00	108.00	2,33,356.00
67	24-Jan-24	25.45	6,146.00	52.00	1,56,397.00
68	25-Jan-24	24.26	7,068.00	41.00	1,71,456.00
69	29-Jan-24	24.23	10,514.00	37.00	2,54,704.00
70	30-Jan-24	24.40	2,231.00	17.00	54,441.00
71	31-Jan-24	24.21	3,314.00	16.00	80,219.00
72	01-Feb-24	23.71	1,695.00	14.00	40,182.00
73	02-Feb-24	24.36	930.00	15.00	22,656.00
74	05-Feb-24	22.32	2,192.00	13.00	48,929.00
75	06-Feb-24	20.81	808.00	6.00	16,818.00
76	07-Feb-24	20.01	1,367.00	11.00	27,355.00
77	08-Feb-24	19.09	1,374.00	12.00	26,225.00
78	09-Feb-24	19.00	3,304.00	8.00	62,780.00
79	12-Feb-24	18.62	335.00	4.00	6,238.00
80	13-Feb-24	19.00	3,316.00	7.00	63,004.00
81	14-Feb-24	19.95	2,340.00	10.00	46,683.00
82	15-Feb-24	20.80	5.00	1.00	104.00
83	16-Feb-24	21.98	449.00	6.00	9,869.00
84	19-Feb-24	23.03	1,602.00	8.00	36,898.00
85	20-Feb-24	24.22	2,969.00	20.00	71,900.00
86	21-Feb-24	25.43	1,940.00	17.00	49,334.00
87	22-Feb-24	26.70	5,990.00	21.00	1,59,933.00
88	23-Feb-24	28.03	4,679.00	24.00	1,31,152.00
89	26-Feb-24	-	-	-	-
90	27-Feb-24	-	-	-	-
			<b>2,32,766.00</b>		<b>47,50,989.00</b>
<b>VWAP of 90 Trading 'days</b>					<b>20.41</b>

**VWAP Basis (90/10 days)**

VWAP (10 trading days preceding the relevant date) (A)	25.33
VWAP (90 trading days preceding the relevant date) (B)	20.41
Minimum Price (Higher of (A) or (B))	<b>25.33</b>

**Annexure 3**

**Valuation Method - Discounted Cash Flow Method**

The value per share based as on 31.03.2023 on the Income Method is therefore computed as under:

Amount in INR Lacs

Particulars	FY 24	FY 25	FY 26	FY 27	FY 28
Profit After Tax (PAT)	116.93	153.32	192.43	234.94	280.88
Add: Depreciation	-	-	-	-	-
Capex	-	-	-	-	-
Non-Cash Working Capital Changes	(60.60)	(43.23)	(53.17)	(63.89)	(70.85)
<b>Operating Cash Flow</b>	<b>56.34</b>	<b>110.09</b>	<b>139.26</b>	<b>171.05</b>	<b>210.03</b>
Discount Rate	17.68%	17.68%	17.68%	17.68%	17.68%
Discount Period	0.50	1.50	2.50	3.50	4.50
Discount Factor	0.92	0.78	0.67	0.57	0.48
<b>Present Value of Cash Flows</b>	<b>51.93</b>	<b>86.24</b>	<b>92.70</b>	<b>96.75</b>	<b>100.95</b>

**Summary**

Particulars	Amount
Sum of Present Value of Future Cash Flow	
<i>Cash Flows during explicit period</i>	327.62
<i>Present Value of Terminal Value</i>	767.49
<b>Enterprise value (EV)</b>	<b>1,095.11</b>
Add: Cash & Cash Equivalent	22.64
Less: Debt as on Valuation Date	(1,322.50)
<b>Equity Value (In Lacs)</b>	<b>890.35</b>
No of Outstanding Shares	34,50,000.00
<b>Equity Value per share</b>	<b>25.81</b>

**The Value per share of Rs. 25.81 is arrived based on the key assumptions listed below:**





### Key Assumptions:

#### a. Tax Expenses

The tax expenses are calculated based on the tax rate of 25.17%.

#### b. Terminal Value

The Terminal Value is computed by considering the growth rate to be 4% and using Gordon Growth Model.

$$\frac{\text{Last year free cash flow} \times (1 + \text{terminal growth rate})}{(\text{Discount Rate} - \text{Terminal Growth Rate})}$$

#### c. Computation of Cost of Equity (CAPM):

Cost of Equity through CAPM:	31-Mar-23
Risk Free Rate (Rf)	7.32%
Equity Risk Premium (Rm - Rf)	8.28%
Unlevered Beta ( $\beta$ )	0.77
<b>Cost of Equity</b>	<b>13.68%</b>
Company Specific Risk Premium (CSRP)	4.00%
<b>Adjusted Cost of Equity</b>	<b>17.68%</b>

### Sources:

a. Risk Free Rate (Rf) is taken based on the 10 years yield of Government bond (<https://in.investing.com/rates-bonds/india-10-year-bond-yield-historical-data>)

b. Beta:

Beta is a measure of volatility, or systematic risk of the return on a particular security to the return on a market portfolio. As the Company is recently listed and Company's business model is unique and business activity. Accordingly, having regard to management representations and generally accepted valuation principles, I have conservatively considered the Beta of 0.77 for the purposes of valuation based on Apparel Industry from <http://www.damodaran.com> website.

