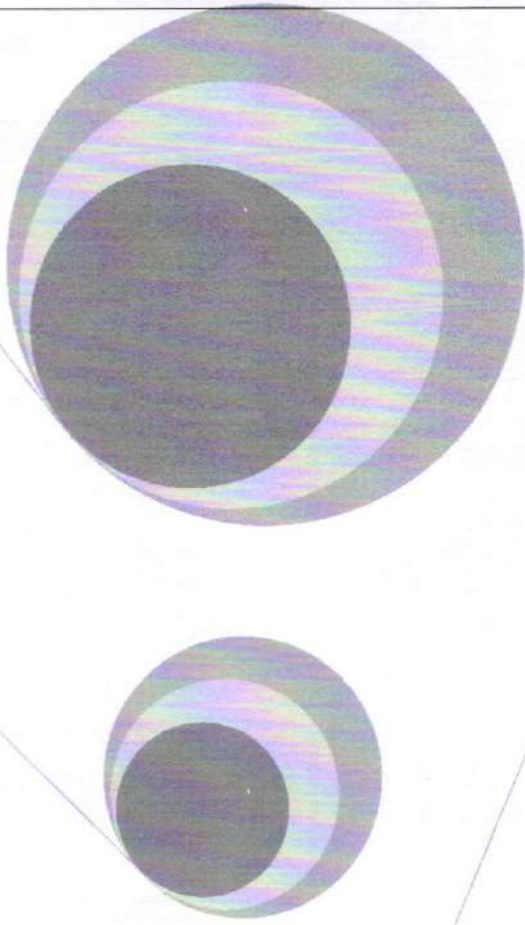




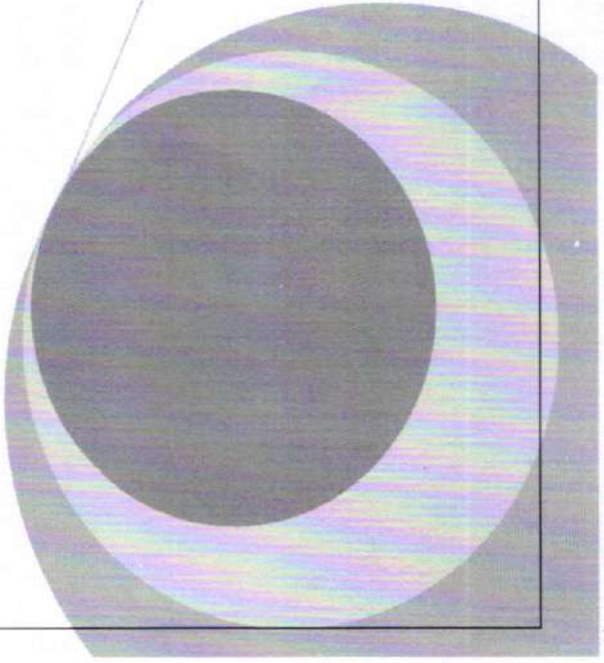
Valuation Report

**AYAANI DIAMONDS AND JEWELLERY PRIVATE
LIMITED**

CA PRIYANK DROLIA
Registered Valuer for Securities and Financial Assets

9001, WORLD TRADE CENTER,
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1. INTRODUCTION:

We refer to our Engagement Letter dated **16.06.2025**, confirming our appointment as independent valuer of **M/s. AYAANI DIAMONDS AND JEWELLERY PRIVATE LIMITED ("the Company")**. In the following paragraphs, we have summarized our Valuation Analysis (the "Analysis") of the business of the Company as informed by the Management and detailed herein, together with the description of the methodologies used and limitations on our scope of work.

1.1. Valuer details:

Name of the Valuer : **CA Priyank Drolia**
 Address of the Valuer : 9001, World Trade Center, Nr. Udhna Darwaja, Ring Road, Surat - 395 002.
 Email address : ca.priyankdrolia@gmail.com
 IBBI Registration No. : IBBI/RV/06/2020/12774
 ICAI Membership No : 138328
 Disclosure of Interest or Conflict : **We have no significant interest in the Company.**

1.2. Key Dates:

Date of Appointment : 16.06.2025
 Date of Valuation Report : 30.06.2025
 Valuation Date : 31.03.2025
 Valuation Valid up to : Valuation is for a limited purpose and one-time use, hence not applicable.

Users are advised to use this report in a reasonable period of time and also check that no major event effecting valuation has occurred after the issue of report.

2. CONTEXT & PURPOSE OF VALUATION:

The Company is planning to issue additional Equity shares and the Management requires our assistance in determining the fair value of Equity of the Company. The requirement of valuation is mandated under section 62(1)(c) of The Companies Act, 2013. Also, section 56(2)(viib) of the Income Tax Act, 1961 regulates the valuation of shares and have tax implication on the issue price vis a vis fair value / book value of shares.

This report has been prepared exclusively for the use of Board of Director(s) of the company for issue of further shares in the company by way of preferential allotment u/s. 62(1)(c) of The Companies Act, 2013 and for the purpose of Income Tax Act, 1961 as mandated u/s. 56(2)(viib). This report shall not be used for any purpose and person other than as stated above.

The usage of report for any purpose other than above without the specific permission of issuer will be treated as illegal, void and breach of trust.



3. BACKGROUND OF THE COMPANY:

3.1. About Company

Ayaani Diamonds and Jewellery Private Limited is engaged in dealing of all kinds of manufacturing and trading of jewellery and lab grown diamonds in different shapes, sizes, varieties, design, etc. The Company was incorporated on 26th April, 2022, and its registered office is situated at 1st Floor, 8, Harikrushna Society, Shyamdharm Chowk Nana Varachha, Surat, Gujarat-395006.

The CIN Number of Company is **U36996GJ2022PTC131390**.

The Main Object of the company is defined in clause 3(a) of the Memorandum of Association of the company and is reproduced here in below:

"To carry on in India or elsewhere the business to manufacture, trading, produce, design, develop, modify, build, encourage, refine, repair, process, prepare, alter, dismantle, provide, exchange, remove, set, convert, finish, polish, cut, fit, trim, contract, sub-contract, supply, turn to account, let on hire, buy, sell, import, export, wholesale, retail and to act as agent, broker, adatia, job worker, consignor, contractor, vendor, collaborator, stockists, distributor or otherwise to deal in all kinds of manufacture and trading of jewellery in shapes, sizes, varieties, designs, applications, combinations & uses of apparel, gold, silver, bullion, jewellers, ornaments, gems, goods, utensils, antiques, articles and things, their parts, accessories, fittings, components, ingredients and materials thereof made partly or wholly of gold, silver, platinum, imitation, synthetic, natural or other varieties of stones and materials, precious and semi-precious metals and stones, antiques and works of art, curious and other articles produced and merchandise whatsoever and to do all incidental acts and things necessary for the object."

3.2. Capital Structure of the Company:

The Company is having following capital structure as on **31st March, 2025**:

Particulars	No. of Shares	Face Value per Share	Total nominal value
Authorised Capital Equity Shares	30,00,000	Rs. 10/-	Rs. 3,00,00,000/-
Issued, Subscribed and Paid-Up Capital Equity Shares	14,08,025	Rs. 10/-	Rs. 1,40,80,250/-

The company is having following person(s) as director(s) as on **31st March, 2025**:

<u>DIN</u>	<u>Name</u>	<u>Date of Appointment</u>
08715741	Rajnikant Lallubhai Chanchad	26/04/2022
09801754	Dhruv Janakbhai Savaliya	16/01/2024



The Shareholding of the Company as on **31st March, 2025** is as follows:

Name	Number of Shares	% Holding
Rajnikant Lallubhai Chanchad	5,33,333	37.87%
Dhruv Janakbhai Savaliya	3,76,321	26.73%
Samdhaan Advisors Private Limited	2,66,720	18.94%
Soaniben Rajnikant Chanchad	90,346	6.42%
Others holding less than 5% of equity shares	1,41,305	10.03%
TOTAL	14,08,025	100%

4. CONDITIONS, SOURCES OF INFORMATION AND LIMITATIONS OF VALUATION:

4.1. Conditions

The financial information about the company presented in this report is included solely for the purpose to arrive at value conclusion presented in this report, and it should not be used by anyone to obtain credit or for any other unintended purpose.

This report is only to be used in its entirety, and for the purpose stated in the report. No third parties should rely on the information or data contained in this report without the advice of their lawyer, attorney or accountant.

We have, however, used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this report. The valuation analyst, by reason of performing this valuation and preparing this report, is not to be required to give expert testimony nor to be in attendance in court or at any government hearing with reference to the matters contained herein, unless prior arrangements have been made with the analyst regarding such additional engagement.

4.2. Assumptions

The Valuation in this report has been carried out assuming Company to be a going concern entity. The other assumptions made by us are listed as follows:

- We have assumed the perpetual growth rate of the Company to be 5.00%.
- The risk-free rate of return has been assumed to be 6.31%, which is derived based on yield of 10-year Government of India bond.
- We have assumed company specific risk premium and company size risk premium as 1.00% each.

Further, the valuation exercise performed involves placing reliance on the financial projections shared by the Management of the Company. The said projections are based on several assumptions made by the Management of the Company, including assumptions pertaining to growth in revenue of the Company, cost of material consumed, period of credit available on purchases made, credit to be extended on sales made, etc.. We have reviewed the said projections to the extent of ascertaining their feasibility. However, we do not confirm or certify their achievability.



The Valuation in this report has been carried out in accordance with section 56(2)(viib) of Income Tax Act, 1961.

4.3. Sources of information

Ayaani Diamonds and Jewellery Private Limited intends to give effect to issue of equity shares, and valuation analysis for the purpose has been done as on 31st March, 2025. The following has been the sources of information for carrying out the valuation:

- MoA and AoA of the Company;
- Audit Report of the company for the year ended on 31st March, 2025, 31st March, 2024 and 31st March, 2023;
- Management Certified Projections of the Company from the year ended March 31, 2026 upto March 31, 2029;
- Details of Shareholders as provided by the management;
- Database of Prof. Aswath Damodaran, for the purpose of calculating Beta (β) and Equity Risk Premium of the Company;
- Other salient information provided by the Management of the Company and reliance has been placed on the verbal explanations and information given to us by the promoters and key managerial personnel.

4.4. Limitations

Any valuation method or standard has its own inherent limitations. The major limitation of the valuation reports is as under:

- I. Our 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, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report.
- II. Valuation analysis and results are specific to the purpose of valuation and valuation date mentioned in the report is as per engagement letter. It may not be valid if done by another entity.
- III. A valuation of this nature involves consideration of various factors including those impacting industry trends. This report is issued on the understanding that the company have drawn attention to all material information, which they are aware of concerning the financial position of the company and any other matter, which may have impact on our opinion, on fair value, including any significant changes that have taken place in the financial position of the company(ies), subsequent to last audited balance sheet. We have no responsibility to update this report for events and circumstances occurring after the date of this report.
- IV. During the course of our work, we have relied upon assumptions made by management of company(ies). These assumptions require the exercise of judgement



and are subject to uncertainties. While we have reviewed the assumptions for reasonableness and discussed these assumptions with management, there can be no assurance that the assumptions are accurate. To the extent that the assumed events do not occur, the outcome may vary significantly from the assumed. The fact that we have considered the assumptions in the exercise of valuation should not be considered or taken as our being associated with or a party to such assumptions.

5. VALUATION METHODOLOGY AND APPROACH:

The standard of value used in the Analysis is "Fair Value", which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the business were exposed for Equity Issuance or sale in the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

There are **four general approaches** available to the valuation professional; **the market approach, the income approach, cost approach and the asset approach**. The choice of which approach to use in a particular situation depends upon the facts and circumstances associated with the company; as well as the purpose for which the valuation analysis is being conducted. The reason and basis for selection / rejection of the same are discussed below.

Valuation Approach & Methodology:

Approach	Fair Value Methodologies
Income Approach	Discounted Cash Flow (DCF) Method
Market Approach	Enterprise Value/ EBITDA (EV/EBITDA)
Cost Approach	Replacement Cost
Asset Approach	Net Assets Valuation (NAV) Method

5.1. Income Approach

This method converts the anticipated benefits into a present single amount. It is one of the general ways to determine the fair value indication of a business, project, or ownership interest. The method uses the future free cash flows of the company (anticipated benefits) 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). The weighted average cost of capital is intended to reflect all risks of ownership and the associated risks of realizing the stream of projected future cash flows. It can also be anticipated as the rate of return that would be required by providers of capital to the company to compensate them for the time value of money, as well as the risk inherent in the particular investment. The projected cash flows reveal growth expectations, while allowing for a great deal of flexibility in projecting such growth rates.



Hence, 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 and on the concept of "going concern" of the company

The Company has provided us future financial projections, and we have computed the value per Share of the Company accordingly. And finally, the value per Share of the Company, i.e., AYAANI DIAMONDS AND JEWELLERY PRIVATE LIMITED as per the Income Approach is determined to be Rs. 170.25/- per share, rounded up to Rs. 171.00/- per share. (Annexure I)

5.2. Market Approach

Under this methodology, market multiples of comparable listed companies are computed and applied to the business being valued in order to arrive at a multiple based valuation. The listed comparable Companies are freely traded in the market; thus, it can be expected that the market gives better approximation of the fair valuations to these Companies on which Valuations are made.

Since, there are not many comparable companies engaged in similar business as that of the Company and no reliable data in respect of such companies is available in public domain, this method has not been considered.

5.3. 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 business of the Company is asset light, not having any significant assets, and is engaged in the business of mostly trading of goods, the approach seems inappropriate for valuing the Company. Hence, the Cost Approach is not used for valuing the shares of Ayaani Diamonds and Jewellery Private Limited.

5.4. Asset Approach

The value arrived at under this approach may be defined as Shareholders' Funds or Net Assets owned by the business. It is calculated by subtracting Current and Non-Current Liabilities from Total Value of the Assets. The asset-based approach derives an indication of value based on anticipated cost to replace, replicate, or recreate the assets. It is often considered as "Floor Value". In this approach, the balance sheet values can be adjusted for any contingent liabilities that can be likely to materialise. These approach shows how much value Equity holders hold in the books of the company and given that the fair market value of the assets and liabilities can vary from the book value, adjustments can be made for fair market prices of assets and liabilities as well. Adjustments are done to



remove fictitious and other miscellaneous assets and liabilities while deriving the valuation.

However, since the Company is in its initial growing phase of business thus just relying on Asset approach will not give us the true image, so this approach has not been used.

6. CAUSE OF VARIATION IN VALUATION:

The company has been unable to meet the revenue projections that were provided during the earlier valuation. These projections were based on a set of assumptions regarding market stability, customer demand and operational continuity, as well as continued market growth, which have **not materialized** as anticipated.

In addition to internal performance challenges, the external macroeconomic environment has significantly deteriorated due to the emergence of a war-like situation between India and Pakistan, coupled with escalating tensions involving Iran and Israel. As a result, the company has faced challenges in maintaining its growth trajectory.

As a result, the management of Company has scaled down its projections reflecting a material decline compared to previous estimates based on best estimates. Owing to the same, there has been a significant decline in the valuation of the Company.

7. CONCLUSION:

The Fair Value of Equity Share of **Ayaani Diamonds and Jewellery Private Limited** has been estimated using Income Approach i.e., Discounted Cash Flow Method which is an internationally accepted method of valuation. And, the fair value per share of the Company is calculated to be **INR 170.25/-**, rounded up to **INR 171.00/-**.



CA Priyank Drolia

Registered Valuer for Securities and Financial Assets

Date: 30.06.2025

UDIN: 25138328BMMASH9358



Annexure I

❖ CALCULATION OF COST OF CONTROL (WACC):

❖ CALCULATION OF WEIGHTS:

(₹ in Lakhs)		
PARTICULARS	31-03-2025	WEIGHT
Equity	881.02	96.71%
Quasi Equity (Interest Free Unsecured Loan)	30.00	3.29%
Total	911.02	100%

❖ CALCULATION OF BETA (β):

PARTICULARS	UNITS
*Retail (Special Lines) Levered Beta	0.81
*Industry D/E	6.34%
*Effective Tax Rate	21.32%
Textile / Apparel Unlevered Beta	0.77
Tax Rate - Company	25.17%
Company D/E	-
Levered Beta - Company	0.77

*As per database of Prof. Aswath Damodaran

❖ CALCULATION OF COST OF EQUITY (K_e):

PARTICULARS	UNITS
Beta	0.77
Equity Risk Premium ($E(R_m) - R_f$) (As per database of Prof. Aswath Damodaran)	7.26%
Risk Free Rate	6.31%
Cost of Equity (based on CAPM)	11.91%
Company Size Risk Premium	1.00%
Company Specific Risk Premium	1.00%
Cost of Equity	13.91%

❖ WEIGHTED AVERAGE COST OF CAPITAL (WACC):

PARTICULARS	COST	WEIGHT	WEIGHTED COST
Cost of Equity	13.91%	96.71%	13.45%
Quasi Equity (Interest Free USL)	13.91%	3.29%	0.46%
Total			13.91%



❖ ESTIMATING FREE CASH FLOW TO FIRM:

(Rs. In lakh, unless stated otherwise)

PARTICULARS	31-03-2026	31-03-2027	31-03-2028	31-03-2029	Perpetuity
PAT (Profit After Tax)	97.25	170.87	282.73	400.08	Perpetual Growth Rate is assumed to be 5.00%.
Add: Depreciation & Amortization	34.07	34.40	34.92	35.48	
Add: (Int*(1-Tax Rate))	-	-	-	-	
Less: Change in Working Capital (exc. Cash)	(62.43)	(7.95)	83.32	152.34	
Less: Capital Expenditure (Fixed Capital)	38.10	38.10	38.10	38.10	
Free Cash Flow to Firm	155.65	175.12	196.24	245.13	

❖ ESTIMATING DISCOUNTED FREE CASH FLOW TO FIRM:

PARTICULARS	31-03-2026	31-03-2027	31-03-2028	31-03-2029
Time Factor	0.5	1.5	2.5	3.5
Discounting Rate	13.91%	13.91%	13.91%	13.91%
Discounted Free Cash Flow to Firm	145.84	144.04	141.70	155.39
Sum of Discounted Free Cash Flow to Firm (FCFF)				586.97

❖ ESTIMATING WORKING CAPITAL CHANGES (excluding Cash and Borrowing):

PARTICULARS	31-03-2025	31-03-2026	31-03-2027	31-03-2028	31-03-2029
Current Assets (exc. cash)	1,002.72	984.95	1,108.39	1,364.89	1,708.77
Current Liabilities (exc. borrowings)	267.83	312.49	443.89	617.07	808.62
Working Capital	734.89	672.45	664.50	747.82	900.16
Investment in Working Capital		(62.43)	(7.95)	83.32	152.34



❖ PERPETUITY VALUE:

(Rs. In lakh, unless stated otherwise)

PARTICULARS	VALUE
Cash Flow for 5th Year	257.38
Perpetuity Value as on beginning of 5th Year	2,888.65
Discount Rate	13.91%
Time Factor (in Years)	3.50
Present Value of Perpetuity	1,831.16

❖ DISCOUNTED CASH FLOW VALUE PER SHARE:

DISCOUNTED CASH FLOW APPROACH - VALUATION	
NPV of Explicit Period	586.97
Present Value of Perpetuity	1,831.16
Enterprise/Firm Value	2,418.13
Add/Less: Adjustments	
Contingent Liability	-
Less: Debt	30.00
Add: Cash and Cash Equivalents (non-operating)	8.98
Add: Non-Operating Assets	-
Total Value attributable to the Equity Shareholders of the Company	2,397.11
Number of Equity Shares	14,08,025
Value per Equity Share (INR)	170.25
Value per Equity Share (INR) (rounded up)	171.00

