

VALUATION REPORT  
on  
Fair value of Equity Shares

**Mizzen Digital Private Limited**



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## Valuation Analysis

We refer to our Engagement Letter as independent valuers of **Mizzen Digital 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 limitation on our scope of work.

## 1 Context and Purpose

Based on discussion with the management, we understand that the Company’s promoters are evaluating the possibility of **Fair Value of Equity Shares under the Companies Act, 2013 and applicable rules thereunder**. In the context of these proposed transactions, the management requires our assistance in determining the **Fair value of Equity Shares** of the Company.

### **Proposed Transaction:**

During the financial year 2024-25, Company is evaluating the possibility of issuing further securities to prospective investors. In this context, the management of **Mizzen Digital Private Limited** (the “Management”) has requested us to estimate the fair value of the Equity Shares. - “Proposed Transaction”.

## 2 Conditions and major assumptions

### **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. Because of the limited purpose as mentioned in the report, it may be incomplete and may contain departures from generally accepted accounting principles prevailing in the country. We have not audited, reviewed or compiled the Financial Statements and express no assurance on them.

Readers of this report should be aware that a business valuation is based on future earnings potential that may or may not be materialised. Any financial projection e.g. projected balance sheet, projected profit & loss account, projected cash flow statements as presented in this report are included solely to assist in the development of the value conclusion. The actual results may vary from the projections given, and the variations may be material, which may change the overall value.

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 acknowledge that we have no present or contemplated financial interest in the Company. Our fees for this valuation are based upon our normal billing rates, and not contingent upon the results or the value of the business or in any other manner. We have no responsibility to modify this report for events and circumstances occurring subsequent to the date of this report.

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.

**Assumptions:**

The opinion of value given in this report is based on information provided in part by the management of the Company and other sources as listed in the report. This information is assumed to be accurate and complete.

We have relied upon the representations contained in the public and other documents in our possession and any other assets or liabilities except as specifically stated to the contrary in this report.

We have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances, or that the owner has good title to all the assets.

We have also assumed that the business will be operated prudently and that there are no unforeseen adverse changes in the economic conditions affecting the business, the market, or the industry. This report presumes that the management of the Company will maintain the character and integrity of the company through sale, reorganization or reduction of any owner's/manager's participation in the existing activities of the Company.

### 3 Background of the company

The Company is engaged in the business of providing end-to-end solutions to manage the entire lifecycle of a vessels voyage with the help of a web-based, easy-to-use interface with customizable features that allows port cost management from anywhere in the world. With an aim to cut down on mundane, time-consuming tasks and free up valuable resources Mizzen provides a platform equipped with extensive reporting features and analytical capabilities to assist ship owners, commercial operators, and charterers in making more informed choices based on the vessel's performance.

Company URL: - <https://mizzendigital.com/>

#### Further data of the Company:

<b>CIN</b>	U74999MH2021PTC354011
<b>Company Name</b>	Mizzen Digital Private Limited
<b>ROC Name</b>	ROC Mumbai
<b>Registration Number</b>	354011
<b>Date of Incorporation</b>	23-01-2021
<b>Email Id</b>	info@mizzendigital.com
<b>Registered Address</b>	I-633, ROCK ENCLAVE BLDG NO. 21, SAHYADRI NGR, OPP JOY ICECREAM, NR HINDUSTAN NAKA, KANDIVA, LI WEST, Mumbai City, MUMBAI, Maharashtra, India, 400067
<b>Address at which the books of account are to be maintained</b>	-
<b>Listed in Stock Exchange(s) (Y/N)</b>	No
<b>Category of Company</b>	Company limited by shares
<b>Subcategory of the Company</b>	Non-government company
<b>Class of Company</b>	Private
<b>ACTIVE compliance</b>	-
<b>Authorised Capital (Rs)</b>	10,00,000
<b>Paid up Capital (Rs)</b>	7,69,390
<b>Date of last AGM</b>	30-09-2023
<b>Date of Balance Sheet</b>	31-03-2023
<b>Company Status</b>	Active

#### Directors and Key Managerial Persons:

DIN/PAN	Name	Designation	Date of Appointment
9196012	Chetan Mehrotra	Director	07-06-2021
9040813	Sandeep Dsilva	Director	23-01-2021
10597881	Anil Anand Khot	Additional Director	22-04-2024

**Shareholding pattern as on Valuation date is given below:**

Name of the Shareholder	No. of Shares	% Holding
Mr. Sandeep Dsilva	38,959	50.64%
Mr. Chetan Malhotra	6,443	8.37%
Mr. Anil Anand Khot	15,029	19.53%
Mr. Rajiv Jaisukhal Vaghani	4,283	5.57%
Mr. Hiren Kishore Deshpande	1,927	2.50%
Mr. Nimesh Sahadeo Singh	10,298	13.38%
<b>Total</b>	<b>76,939</b>	<b>100.00%</b>

Face Value Per Share is Rs. 10/-

## 4 Valuation Date

The Analysis of the Fair Value of Equity shares of the **Mizzen Digital Private Limited** has been carried out based on Financial Statement of **03<sup>rd</sup> August 2024**.

## 5 Valuation Standards

The Report has been prepared in compliance with the internationally accepted valuation standards and valuation standard adopted by ICAI Registered Valuers Organisation.

## 6 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 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.

Valuation of a business is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be prepared to pay a substantial goodwill. This exercise may be carried out using various methodologies, the relative emphasis of each often varies with:

- whether the entity is listed on a stock exchange
- industry to which the Company belongs
- past track record of the business and the ease with which the growth rate in cash flows to perpetuity can be estimated
- Extent to which industry and comparable Company information is available.

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue. These can be broadly categorised as follows:

### 1. Asset Approach

**Net Asset Value Method ("NAV")**

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

The Net Asset Value is generally used as the minimum break-up value for the transaction since this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy it as a going concern.

**2. Market Approach****Comparable Company Market Multiple Method**

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 difficulty here is the selection of a comparable company since it is rare to find two or more companies with the same product portfolio, size, capital structure, business strategy, profitability and accounting practices.

Whereas no publicly traded company provides an identical match to the operations of a given company, important information can be drawn from the way comparable enterprises are valued by public markets. In case of early stage company and with different business model the problem aggravates further.

**Comparable Transactions Multiple Method**

This approach is somewhat similar to the market multiples approach except that the sales and EBITDA multiples of reported transactions in the same industry in the recent past are applied to the sales and EBITDA of the business being valued.

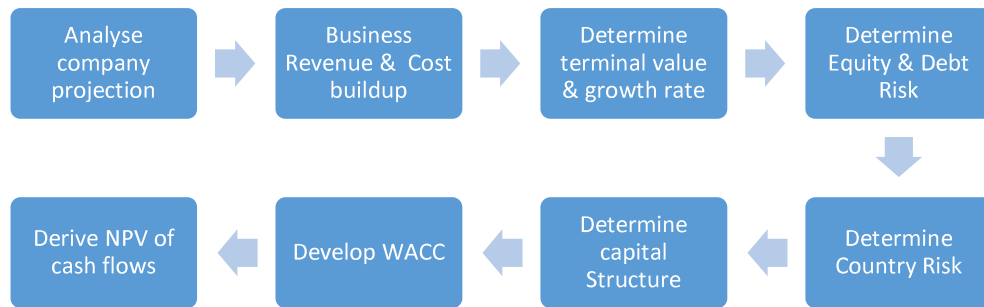
**3. Income Approach****Discounted Cash Flows - "DCF"**

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



### Valuation methodology

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose.

In the instant case, based on the nature of business of the Company, availability of data and generally acceptable valuation methodologies, we have valued the Equity Shares using the Weighted Average of all three approaches i.e Income approach – DCF Method, Asset approach – NAV Method and Market approach – CCM Method.

Our choice of methodology and valuation has been arrived using usual and conventional methodologies adopted for purposes of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of similar nature.

*Net Asset Value (Refer Annexure 1)*

*Discounted Cash Flow Method (Refer Annexure 2)*

*Comparable Company Method (Refer Annexure 3)*

## 7 Source of Information

The Analysis is based on a review of information of the Company provided by the Management and information relating to sector as available in the public domain. Specifically, the sources of information include:

- Audited Financials as of 3<sup>rd</sup> August 2024
- Audited Financials as of FY24
- Audited Financials as of FY21, FY22 & FY23
- Management certified projected financial statements for period of 5 years for the year ending FY25 to FY29.
- Discussions with the Management
- Background of the entire transaction
- Details of Shareholding and numbers of Equity Shares as on valuation date.

In addition to the above, we have also obtained such other information and explanations which were considered relevant for the purpose of the Analysis.



## 8 Caveats

Provision of valuation recommendations and considerations of the issues described herein are areas of our regular corporate advisory practice. The services do not represent accounting, assurance, financial due diligence review, consulting, transfer pricing or domestic/international tax-related services that may otherwise be provided by us.

Our review of the affairs of the Company and their books and account does not constitute an audit in accordance with Auditing Standards. We have relied on explanations and information provided by the Management of the Company and accepted the information provided to us as accurate and complete in all respects. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided. Nothing has come to our attention to indicate that the information provided had material misstatements or would not afford reasonable grounds upon which to base the Report.

The report is based on the financial projections provided to us by the management of the company and thus the responsibility for forecasts and the assumptions on which they are based is solely that of the Management of the Company and we do not provide any confirmation or assurance on the achievability of these projections. It must be emphasized that profit forecasts necessarily depend upon subjective judgement. Similarly, we have relied on data from external sources. These sources are considered to be reliable and therefore, we assume no liability for the accuracy of the data. We have assumed that the business continues normally without any disruptions due to statutory or other external/internal occurrences.

The valuation worksheets prepared for the exercise are proprietary to Valuer and cannot be shared. Any clarifications on the workings will be provided on request, prior to finalizing the Report, as per the terms of our engagement.

The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them.

The Valuation Analysis contained herein represents the value only on the date that is specifically Stated in this Report. This Report is issued on the understanding that the Management of the Company has drawn our attention to all matters of which they are aware, which have an impact on our Report up to the date of signature. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

We have no present or planned future interest in the Company and the fee for this Report is not contingent upon the values reported herein.

Our Valuation analysis should not be construed as investment advice; specifically, we do not express any opinion on the Suitability or otherwise of entering into any transaction with the Company.

A draft of the report was shared with the Company, prior to finalisation of report, for confirmation of facts, key assumptions and other Company representations.

Our Report is not nor should it be construed as our opining or certifying the compliance with the provisions of any law / standards including company, foreign exchange regulatory, accounting and taxation (including transfer pricing) laws / standards or as regards any legal, accounting or taxation implications or issues.

Our Report and the opinion / valuation analysis contained herein is not nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities. This report does not in any manner address, opine on or recommend the prices at which the securities of the Company could or should transact.

## 9 Distribution of Report

The Analysis is confidential and has been prepared exclusively for **Mizzen Digital Private Limited**. It should not be used, reproduced or circulated to any other person or for any purpose other than as mentioned above, in whole or in part, without the prior written consent of valuer. Such consent will only be given after full consideration of the circumstances at the time. However, we do understand that report will be shared with the investor / buyers of the company / submission to government authorities and regulators towards statutory compliances.

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## 10 Opinion on Fair Value of Equity Shares

Based on our valuation exercise Fair Value of the Equity as on 3<sup>rd</sup> August 2024 is as under:

(INR Lakhs)

Method	Value per share	Weight	Product
Asset Approach	1,708.75	1	1,708.75
Market Approach (*)	0.00	0	0.00
Income Approach (**)	1,210.13	0	0.00
	<b>Weighted Average Value per share</b>		<b>1,708.75</b>

(\*) Value per Share as per Market Approach is negative and does not reflect the true value of the company, therefore no weightage is considered for Market Approach.

(\*\*) Value per Share as per Income Approach is lower than the Asset Approach and does not reflect the true potential of the company, therefore no weightage is considered for Income Approach.

We trust the above meets your requirements. Please feel free to contact us in case you require any additional information or clarifications.

Yours faithfully



Bhavesh M Rathod  
Chartered Accountants  
**M No: 119158**  
Registered Valuer - Securities or Financial Assets  
(Registration No: IBBI/RV/06/2019/10708)

**Date:** 14<sup>th</sup> August 2024

**Place:** Mumbai

UDIN: **24119158BKAFIG7894**

## 11 Annexure 1

### Asset Approach – Adjusted Net Asset Value Method as on 3<sup>rd</sup> August 2024

(INR Lakhs)

Particulars		Amount
<b>Assets</b>		
<b>Non-current assets</b>		
<b>Fixed Assets</b>		
-Tangible Assets		7.70
-Intangible Assets		1,219.97
Long-term loans and advances		0.12
<b>Current assets</b>		
Cash and bank balances		14.05
Short-term loans and advances		70.56
Other Current Assets		36.11
<b>Total Assets</b>	<b>A</b>	<b>1,348.52</b>
<b>Non Current Liabilities</b>		
Long Term Borrowings		2.95
<b>Current liabilities</b>		
Trade payables		70.72
Other current liabilities		-40.20
Short-term provisions		0.35
<b>Total Liabilities</b>	<b>B</b>	<b>33.82</b>
<b>Net Worth as on</b>	<b>C = A - B</b>	<b>1,314.70</b>
No. of Equity Shares	D	76,939
<b>Value Per Share</b>	<b>E = C / D</b>	<b>1,708.75</b>

## 12 Annexure 2

## Income Approach - Discounted Cash Flows

We have been provided with the business projection of the Company for **Five years** by the Management, which we have considered for our Analysis. Accordingly, the projected free cash flows to Equity ("FCFF") based on these financial statements is set out below:

(INR Lakhs)

Number of Months		8	12	12	12	12	
Particulars		FY25	FY26	FY27	FY28	FY29	TV
EBITDA		45.89	93.85	177.44	308.07	487.35	497.10
Less: Depreciation		-124.20	-169.18	-145.57	-125.93	-109.77	-111.96
EBIT		-78.31	-75.33	31.87	182.13	377.59	385.14
Less: Tax on EBIT	25.17%	0.00	0.00	0.00	-15.13	-95.03	-96.93
NOPAT		-78.31	-75.33	31.87	167.01	282.56	288.21
Add: Depreciation		124.20	169.18	145.57	125.93	109.77	111.96
Less: Capex		-7.50	-9.13	-11.11	-13.52	-16.47	-113.95
(Increase)/ decrease in working capital		29.89	-9.65	-12.89	-15.66	-15.53	
Free cash flow to firm ('FCFF')		68.28	75.07	153.44	263.75	360.32	286.22
Annual factor		0.66	1.00	1.00	1.00	1.00	
Discounting period (end year)		0.66	1.66	2.66	3.66	4.66	
PV factor	24.17%	0.87	0.70	0.56	0.45	0.36	
PV of FCFF		59.22	52.44	86.32	119.49	131.46	

PV of FCFF for the horizon period	448.93	A
FCFF for terminal year	286.22	
WACC	24.17%	
Perpetuity Growth	2.00%	
Capitalisation Rate	22.17%	
Gross terminal value	1,291.01	
PV factor	0.36	
PV of terminal value	471.03	B
Enterprise value	919.96	A+B
Less: Long Term Debt	-2.95	
Add: Cash & Bank	14.05	
Fair Value of Equity	931.06	

No of Share	76,939	
Value Per Share (in INR)	1,210.13	

### Assumptions

WACC	24.17 %
Cost of Equity	15.17 %
Risk free rate (Rf)	7.13 %
Market Return (Rm)	15.17 %
Long Term Growth Rate	2.00 %
Beta	1.00
Tax Rate	25.17 %
Equity Weightage	100.00 %

### Terminal Value

The terminal value refers to the present value of the business as a going concern beyond the period of projections up to infinity. This value is estimated by taking into account expected growth rates of the business in future, sustainable capital investments required for the business as well as the estimates growth rate of the industry and economy. Based on dynamics of the sector and discussions with the Management we have assumed a terminal growth rate of **2.00 %** for the Company beyond the projections periods. The cash flows of **Rs. 286.22 Lakhs** have been used to determine the terminal value. Based on these assumptions the terminal value has been calculated at **Rs. 1,291.01 Lakhs**.

Using these cash flows and a discount rate of **24.17 %** we estimate the equity value of the Company **Rs. 931.06 Lakhs**.

### Discount Factor

Discount Factor considered for arriving at the present value of the Free Cash Flows to the Firm ("FCFF") is the WACC.

The Weighted Average Cost of Capital ("WACC") is based on the proportionate weights of each component of the source of capital, i.e. weighted average of The Cost of Equity ("COE") & The Cost of Debt ("COD") wherein the ratio of Equity/Debt on total capital is the proportionate weights

**WACC: COE \* Equity Weightage of total Capital + COD \* Debt Weightage of total Capital**

### The Cost of Equity ("COE")

Particulars	Note	%	Weights (*)	Cost
Base Cost of equity		15.17%		
Company specific risk premium		9.00%		
Adjusted CoE	Note 1	24.17%	100.00%	24.17%
Post tax cost of debt		0.00%	0.00%	0.00%
WACC				24.17%

(\*) As the debt held by the company is interest free, 100% weightage is assigned to Equity.

**Note 1:****Organisation Specific Discount Rate**

- Cost of Equity of 24.17 % is taken as Discounting rate, calculated using,
  - Historical Market Return of BSE 500 from February 01, 1999, to August 02, 2024, is 15.17 %
  - We have considered Premium of 9.00 % towards risk and illiquidity

	Rate	Source
Market Return (Rm)	15.17 %	Return of BSE 500 for the period of Feb 01, 1999, to August 02, 2024.
Company Specific Risk	9.00%	Contingency of revenues, projected high profitability, achievability of projections

Based on the above parameters, the cost of Equity has been calculated at **24.17 %**

**13 Annexure 3****Comparable Companies Multiple Method**

The Average Sales, EBITDA & PAT of the Company for the past 3 years are Negative as mentioned below:

(In INR)			
Year	Sales	EBITDA	PAT
Mar-24	0.00	-32447.00	-32447.00
Mar-23	0.00	2,850.00	2,850.00
Mar-22	0.00	-340.00	-340.00
Average	0.00	-9,979.00	-9,979.00

As the Average EBITDA & PAT of the Company are Negative and sales is Zero. Accordingly comparable company multiples method is not considered for our analysis.