VALUATION REPORT

on

Fair Value of Equity Shares

Midwest Gold Limited

Valuation Date: 04th November 2024

Report Date: 7th November 2024

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Valuation Analysis

We refer to our Engagement Letter as independent valuers of **Midwest Gold 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 Midwest Gold Limited plans to buy the shares of Midwest Energy Private Limited through swap of shares. For the above-mentioned purpose, the company needs to determine the **Fair Value of Equity shares** of the Company under **Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018**.

2 Conditions and major assumptions

Conditions

The historical 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.

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 require 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 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.

We have been informed by the management that there are no significant lawsuits or any other undisclosed contingent liabilities which may potentially affect the business, except as may be disclosed elsewhere in this report. We have assumed that no costs or expenses will be incurred in connection with such liabilities, except as explicitly stated in this report.

3 Background of the Company

The Company is engaged in the business of Granite Marble and other natural stone.

Company URL: - https://www.midwestgoldltd.com/

Further data of the company is as under:

CIN	L13200TG1990PLC163511
Company Name	MIDWEST GOLD LIMITED
ROC Name	ROC Hyderabad
Registration Number	163511
Date of Incorporation	20/11/1990
Email Id	novagranites1990@gmail.com
Registered Address	1st Floor, H.No.8-2-684/3/25 & 26 Road No.12, Banjara Hills, Hyderabad, Hyderabad, Telangana, India, 500034
Address at which the books of account are to be maintained	-
Listed in Stock Exchange(s) (Y/N)	Yes
Category of Company	Company limited by shares
Subcategory of the Company	Non-government company
Class of Company	Public
ACTIVE compliance	ACTIVE Compliant
Authorised Capital (Rs)	20,00,00,000
Paid up Capital (Rs)	3,27,00,000
Date of last AGM	30/09/2024

Date of Balance Sheet	31/03/2024
Company Status	Active

Directors and Key Managerial Persons:

DIN/PAN	Name	Designation	Date of Appointment
03146700	Deepak Kukreti	Whole-time director	15/10/2010
09764069	Kothamasu Sri Surya Pratap	Director	14/11/2022
*******1582B**	Srinivasappa Anand Reddy	CFO	04/07/2014
01431440	Satyanarayana Raju Baladari	Whole-time director	18/10/2008
08461309	Sasikanth Rao	Director	23/05/2019
08974556	Rajyalakshmi Ankireddy	Director	27/11/2020
08548791	Bhaskararao Gadipudi	Director	12/02/2022
*******7961R**	Anant Patwari	Company Secretary	29/12/2023

Shareholding Details as on the date of report

Particulars	No. of Shares	% Holding
Promoter & Promoter Group		
Jain Deepak K	12,500	0.38%
Jain Pawan K	33,350	1.02%
Rama Raghava Reddy Kollareddy	23,09,500	70.63%
Public	9,14,650	27.97%
Total	**32,70,000**	**100.00%**

Face Value Per Share is Rs. 10.00/-

4 Valuation Premise

The premise of value for our analyses is going concern value as there is neither a planned or contemplated discontinuance of any line of business nor any liquidation of the Company.

5 Valuation Date

The Analysis of the Fair Value of Equity share of **Midwest Gold Limited** as on **30th September 2024.**

6 Valuation Standards

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

7 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 on 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 varying 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

<u>Net Asset Value Method (“NAV")</u>

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

<u>Comparable Company Market Multiple Method</u>

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 in 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 different business model the problem aggravates further.

<u>Comparable Transactions Multiple Method</u>

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

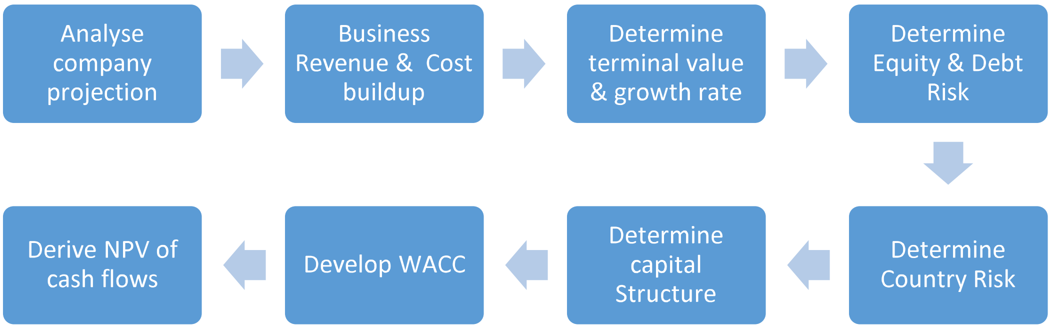
<u>Discounted Cash Flows - “DCF"</u>

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 this case, the Company being a listed Company, we have considered valuation regulations applicable to preferential issue of Equity Shares as defined in Securities and Exchange Board of India (Issue of Capital & Disclosure) Regulations, 2018, the requirements of the Articles of Association of the Company and the provisions of the Companies (Share Capital and Debentures) Rules, 2014 (as amended).

SEBI Regulations for requirement of Valuation:

SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED

The relevant Regulations under SEBI (ICDR) are reproduced as under:

Regulation 165. *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 that 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.

***Regulation 161**: "relevant date" means: a) in case of preferential issue of equity shares, the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue:*

Explanation: Where the relevant date falls on a weekend or a holiday, the day preceding the weekend, or the holiday will be reckoned to be the relevant date.

Regulation 166A (1): Other conditions for pricing

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.

Provided further that if any proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium, which shall be computed over and above the price determined in terms of the first proviso.

In the instant case, based on the nature of business of the Company, availability of data and generally acceptable valuation methodologies, company being a listed entity we have valued the Equity using the weighted average of Asset Approach - NAV Method, Market Approach - CCM Method, Income Approach – DCF Method is considered.

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 Multiple Method (Refer Annexure 3)

8 Source of Information

The Analysis is based on trading prices and volumes as available in the public domain. Specifically, the sources of information include:

- Provisional Financials as on 30th September 2024.
- Details of Shareholding and numbers of Equity Shares as on valuation date.
- Discussions with the Management / representative of the Company.
- All Company specific information were sourced from the Management of the Company, either in the written hard copy or digital form.
- Other information / data available in public domain.

In addition to the above, we have also obtained such other information and explanations from the Company as were considered relevant for the purpose of the valuation. It may be mentioned that the

Management has been provided the opportunity to review our draft report as part of our standard practice to make sure that factual inaccuracies are avoided in our final report.

9 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.

We have relied on data from Recognized Stock Exchange. This source is considered to be reliable and therefore, we assume no liability for the accuracy of the data.

The valuation worksheets prepared for the exercise are proprietary to the 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.

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.

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.

10 Distribution of Report

The Analysis is confidential and has been prepared exclusively for **Midwest Gold 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 the valuer. Such consent will only be given after full consideration of the circumstances at the time. However, we do understand that the report will be shared according to the terms of SEBI ICDR Regulation, 2018.

11 Opinion on Fair Value of Equity Shares

Based on our valuation exercise Fair Value of the Equity Shares as on 30th September 2024 is as under:

Method		In INR
Price determined under the valuation report from the independent registered valuer as per Regulation 165 SEBI, ICDR		19.99

Approach	Value per share	Weight	Product
Asset Approach	19.99	1	19.99
Market Approach	0.00	0	0.00
Income Approach	-72.57	0	0.00
	Weighted Average Value per share		**19.99**

Approach	Method	Selection	Rationale for Selection & Weight
Asset Approach	**NAV Method**	**Selected**	The Net Worth of the company is negative and incurring losses from years, considering this NAV Method has been selected.
Income Approach	**PECV Method / DCF Method**	-	The Last three-year profit before tax of the company is Negative and value per share as per PECV Method is Negative. Hence, the PECV method has not been selected. Being a listed company, the projections of the company cannot be made public. Considering this, DCF method has not been selected.
Market Approach	**CCM Method / Market Price**	-	The EBITDA, PAT, PBT as per the trailing twelve months is negative and book value (Net Worth) as on valuation date is negative. Hence the CCM Method has not been selected. The company is infrequently traded; accordingly, market price is not considered.

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
RV REGN. No. IBBI / RV / 06 / 2019 / 10708 (Securities or Financial Assets)
REGISTERED VALUER

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

Date: 7th November 2024
Place: Mumbai

UDIN: 24119158BKAFUB8522

12 Annexure 1

Asset Approach - Net Asset Value Method as on 30th September 2024

(INR Lakhs)

Particulars		Book Value	Fair Value
Assets			
Non-current assets			
Fixed Assets			
-Tangible Assets	**Note 1**	187.60	3,246.38
Other Non-Current Assets		44.67	44.67
Current assets			
Inventories		114.18	114.18
Trade receivables		26.94	26.94
Cash and bank balances		3.64	3.64
Other Current Assets		301.79	301.79
Total Assets	**A**	**678.82**	**3,737.60**
Liabilities			
Non-Current Liabilities			
Long Term Provision		16.22	16.22
Current liabilities			
Short Term Borrowings		2,737.84	2,737.84
Trade payables		318.37	318.37
Other current liabilities		11.59	11.59
Total Liabilities	**B**	**3,084.02**	**3,084.02**
Net-Worth	**(A - B)**	**-2,405.20**	**653.58**
No. of Equity Shares	C	32,70,000	32,70,000
Value Per Share	**(A - B) / C**	**-73.55**	**19.99**

Note 1:
Fair Value of Tangible Assets

(INR Lakhs)

Particulars	Area per Sq. Mtr.	Rate per Sq. Mtr.	Book Value	Fair Value
	A	**B**	**C**	**D = A * B**
Freehold Land (*)	21,061.00	15,000.00	100.37	3,159.15
Building (**)			19.56	19.56
Other Tangible Assets (#)			67.67	67.67
Total			**187.60**	**3,246.38**

(*) As per the Government Guideline Rate of the Attibele Industrial area provided by the management.
(**) As the building is depreciated asset, WDV is considered as the fair Value.
(#) Book value is considered as fair value

13 Annexure 2

Profit Earning Capitalization Value Method (PECV Method)

(INR Lakhs)

Particulars		FY23	FY24	Sep 24 (TTM)	
Reported Profit Before Tax		-630.82	-229.62	-207.46	
Average Adjusted Profit Before Tax					**-355.97**
Less: Tax	25.17%				0.00
Average Profit After Tax					**-355.97**
Capitalization	15.00%				-2,373.11
No. of Equity Shares					32,70,000
Value per share (Rs.)					**-72.57**

Capitalization Rate

Organisation Specific Discount Rate

- Cost of Equity of 15.00% is taken as Capitalization rate, calculated using,
  - Historical Market Return of BSE 500 from February 01, 1999, to November 04, 2024, is 14.85%

	Rate	Source
Market Return (Rm)	14.85%	Return of BSE 500 for the period of Feb 01, 1999, to November 04, 2024.

Based on the above parameters, the Cost of Equity has been calculated at **15.00% (*Rounded off*).**

14 Annexure 2

Comparable Company Multiple Method (CCM Method)

The Company has no negative EBITDA, bearing losses for the past 3 years and has Negative Net-Worth for the past 3 years, Hence the CCM Method is not applicable.

(INR Lakhs)

Year	EBITDA	PAT	PBT	Net Worth
Sep-24 (TTM)	-66.50	-207.46	-207.46	-2,405.20
Mar-24	-99.13	-229.62	-229.62	-2,313.60
Mar-23	-521.18	-960.64	-630.82	-2,082.40
Mar-22	-127.59	-161.93	-201.08	-1,121.76
Average	**-203.60**	**-389.91**	**-317.25**	**-1,980.74**

As the EBITDA, PBT, Net-worth, and PAT of Company is Negative. Accordingly comparable company multiples are not considered for our analysis.