

**VALUATION REPORT**  
on  
**Fair value of Equity Shares**

**Midwest Energy Private Limited**

**Valuation Date: 04<sup>th</sup> November 2024**

**Report Date: 7<sup>th</sup> November 2024**

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## Valuation Analysis

We refer to our Engagement Letter as independent valuers of **Midwest Energy 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 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 **the Companies Act, 2013 and applicable rules thereunder**.

## 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.

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 manufacturing electric batteries and providing related Services.

#### Further data of the Company is as under:

<b>CIN</b>	<b>U40200TG2018PTC126847</b>
<b>Company Name</b>	MIDWEST ENERGY PRIVATE LIMITED
<b>ROC Name</b>	ROC Hyderabad
<b>Registration Number</b>	126847
<b>Date of Incorporation</b>	13/09/2018
<b>Email Id</b>	midwestenergy2018@gmail.com
<b>Registered Address</b>	8-2-696 & 697 Flat No.2, Road No.12, Banjara Hills, Hyderabad, HYDERABAD, Telangana, India, 500034
<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>	63,00,00,000
<b>Paid up Capital (Rs)</b>	61,88,97,000
<b>Date of last AGM</b>	30/09/2023
<b>Date of Balance Sheet</b>	31/03/2023
<b>Company Status</b>	Active

#### Key Managerial Persons:

DIN/PAN	Name	Designation	Date of Appointment
01760289	Kukreti Soumya	Director	20/09/2018
00060086	Kollareddy Ramachandra	Director	20/09/2018
****9255G	Mishra Divya	Company Secretary	29/11/2023

### Shareholding pattern as on valuation date

Name of the Shareholder	Equity Shares	Non-Cumulative Preference Shares
K Rama Raghava Reddy	4,84,19,700	-
Midwest Granite Private Limited	-	1,34,70,000
<b>Total</b>	<b>4,84,19,700</b>	<b>1,34,70,000</b>

Face Value per Equity Share and Non-Cumulative Preference Shares is Rs. 10.00/-

### Brief about Transaction

The Midwest Gold Limited plans to buy the shares of Midwest Energy Private Limited through swap of shares. The subsidiaries and percentage holdings are as under:

Name of the Companies	% Holding
Midwest Beyond India Pvt Ltd	99.80%
Midwest Advanced Materials Private Ltd	96.30%
Midwest Energy Devices Pvt Ltd	100.00%
M&M Plasma systems Pvt Ltd	100.00%

## 4 Valuation Date

The Analysis of the Fair Value of Equity shares of the **Midwest Energy Private Limited** has been carried out as on **04<sup>th</sup> November 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 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

**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 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.

**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"**

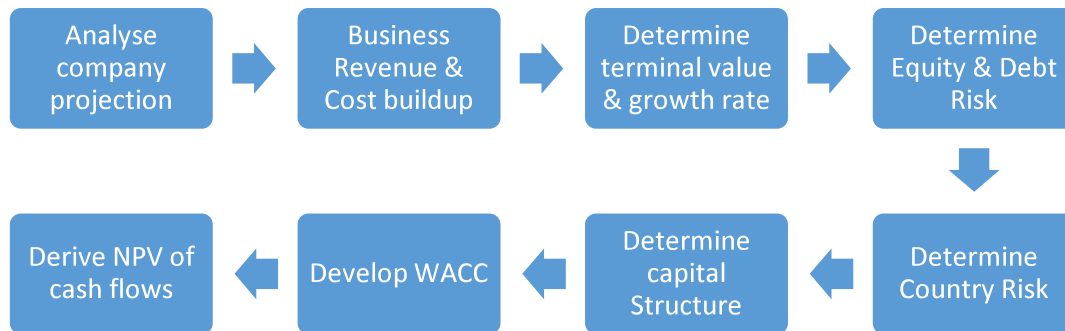
DCF uses the future free cash flows of the company discounted by the firm's weighted average cost of capital (the average cost of all the capital used in the business, including debt and equity), plus a risk factor measured by beta, to arrive at the present value.

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.

Approach	Selection	Rationale for selection
<b>Asset Approach - NAV Method</b>	<b>Selected</b>	The company is incurring losses from years and implementation of projects are under WIP stage and not yet started generating revenue. Considering this, the NAV Method has been selected.
<b>Income Approach – DCF Method</b>	-	The Company has limited information on the historical track record. Accordingly, management is unable to make reasonable assumptions for future projections with reasonable certainty. Due to absence of reliable data on financial projections, Hence, income approach has not been adopted.
<b>Market Approach - CCM Method</b>	-	There are no immediate comparable companies and comparable transactions in public domain of similar size and nature. Hence, the market approach has not been adopted.

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.

Keeping in mind the context and purpose of the Report, we have used the Net Asset method to value equity shares.

Net Asset Method *(Refer Annexure 1)*

## 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:

- Consolidated Provisional Financials as on 04<sup>th</sup> November 2024.
- Market Value Assistance Certificate for the land in Bollaram which belongs to the Midwest Advanced Materials Private Limited.
- Discussions with the Management
- Background of the entire transaction
- Shareholding Pattern of the Company 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 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 **Midwest Energy 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 04<sup>th</sup> November 2024 is as under:

Method	Value	Weight	Product
NAV Method	4,062.31	100%	4,062.31
			4,062.31
	No. of Equity shares		4,84,19,700
	Value per Equity Share (in INR)		8.39

Face Value per Equity Share is Rs. 10.00/-

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:** 7<sup>th</sup> November 2024

**Place:** Mumbai

UDIN: **24119158BKAFUC1174**

## 11 Annexure 1

### Net Asset Value as on 04<sup>th</sup> November 2024, based on Consolidated Financial Statement

(INR Lakhs)

Particulars		Book Value	Fair Value
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed Assets</b>			
-Tangible Assets	<b>Note 1</b>	359.07	357.64
-Intangible Assets		1,494.03	1,494.03
-CWIP		2,455.63	2,455.63
Other Non-Current Assets		3.54	3.54
<b>Current assets</b>			
Inventories		71.22	71.22
Cash and bank balances		1,512.66	1,512.66
Other Current Assets		5,094.93	5,094.93
<b>Total Assets</b>	<b>A</b>	<b>10,991.08</b>	<b>10,989.65</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Long Term Borrowings		4,675.00	4,675.00
Deferred Tax Liabilities		0.99	0.99
<b>Current liabilities</b>			
Trade payables		218.92	218.92
Other current liabilities		585.43	585.43
<b>Total Liabilities</b>	<b>B</b>	<b>5,480.34</b>	<b>5,480.34</b>
<b>Net Worth for Minority &amp; Majority Holders</b>	<b>(A - B)</b>	<b>5,510.74</b>	<b>5,509.31</b>
<b>Less: Value of non-cumulative preference Shares</b>	C	1,347.00	1,347.00
<b>Less: Non-Controlling Interest</b>		100.00	100.00
<b>Net worth for Majority Holders</b>	<b>D = (A - B) - C</b>	<b>4,063.74</b>	<b>4,062.31</b>
No. of Equity Shares	E	4,84,19,700	4,84,19,700
<b>Value Per Equity Share</b>	<b>D / E</b>	<b>8.39</b>	<b>8.39</b>

**Note 1: - Fair Value of Tangible Assets**

(INR Lakhs)

Particulars	Book value	Fair Value
Land (Note 2)	324.81	323.38
Building (*)	12.90	12.90
Other Tangible Assets	21.36	21.36
<b>Total</b>	<b>359.07</b>	<b>357.64</b>

(\*) As the building is a depreciated asset, the written-down-value is considered as fair value

**Note 2: - Fair value of Land**

(In INR)

Particulars	Area per Sq. Yard	Rate per Sq. Yard	Book Value	Fair Value
Open Land (*)	8,954.00	3,100.00	2,79,00,000.00	2,77,57,400.00
Registration Charges at Sangareddy (#)			21,21,465.00	21,21,465.00
Particulars	Area per Guntha	Rate per Guntha	Book Value	Fair Value
Land (**)	6.00	3,81,150.00	22,86,900.00	22,86,900.00
Registration Charges at Jinnaram Mro (#)			1,72,262.80	1,72,262.80
<b>Total</b>			<b>3,24,80,627.80</b>	<b>3,23,38,027.80</b>

(\*) Rate per Sq. Yard as per the Market Value Assistance Certificate dated 20<sup>th</sup> September 2024

(\*\*) Rate per Guntha as per the Market Value Assistance Certificate.

(#) Book Value is considered as Fair Value.

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