VALUATION ANALYSIS

FOR THE PROPOSED AMALGAMATION BETWEEN

GG ENGINEERING LIMITED
(TRANSFEROR COMPANY)

AND

INTEGRA ESSENTIA LIMITED
(TRANSFEREE COMPANY)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
(UNDER SECTION 230 TO 232 OF THE COMPANIES ACT, 2013)

To,
The Board of Directors
Integra Essentia Limited

607, 6th Floor, Pearls Best Height -II,
Netaji Subhash Place, Maurya Enclave,
Northwest Delhi, India, 110034

To,
The Board of Directors
GG Engineering Limited
Office No. 203, 2nd Floor, Shivam Chambers
Ltd. S.V Road, Goregaon West, Near Sahara Ap
Mumbai, Maharashtra 400104

Dear Sir/Ma'am,

Subject: Recommendation of Equity Share Exchange Ratio pursuant to the proposed Scheme of Arrangement for Amalgamation between GG Engineering Limited (Transferor Company/ "GGEL") with Integra Essentia Limited ("Transferee Company"/ "IEL")

We, **Axiology Valuetech Private Limited**, refer to the engagement letter dated 13th June 2024 for recommendation of share exchange ratio for the proposed Amalgamation between **GG Engineering Limited (Transferor Company/ "GGEL")** with **Integra Essentia Limited ("Transferee Company"/ "IEL")**, pursuant to a Scheme of Amalgamation under Sections 230 to 232 and other applicable clauses of the Companies Act, 2013. In accordance with the terms of the engagement, I am enclosing the Valuation Report along with this letter. In attached report, we have summarized the recommendation of equity share exchange ratio based on Audited Balance Sheet of Transferor Company and Transferee Company as on 31st March 2024 as required by the Stock Exchange, together with the description of methodologies used and limitation on the Scope of Work.

This Valuation Analysis is confidential and has been prepared exclusively for the Management of the Companies. It should not be used, reproduced, or circulated to any other person, in whole or in part, without the prior written consent of **Axiology Valuetech Private Limited** (Registered Valuer Entity). Such consent will only be given after full consideration of the circumstance at the time. We are however aware that the conclusion in this report may be used for the purpose of certain statutory disclosures, and we provide consent for the same.

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

Yours Faithfully
For Axiology Valuetech Private Limited
Registered Valuer Entity – All Asset Class
Registration No.: IBBI/RV-E/05/2023/201

Ajay Kumar Siwach
Director
DIN: 00132282

Date: 29th June 2024

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SECTION I –APPOINTMENT FOR DETERMINATION OF SHARE EXCHANGE RATIO

This Valuation Report has been prepared by Axiology Valuetech Private Limited to determine share exchange ratio for Amalgamation between **GG Engineering Limited (Transferor Company/ "GGEL")** with **Integra Essentia Limited ("Transferee Company"/ "IEL")** under the provisions of Section 230-232 of the Companies Act, 2013. We have been appointed on 13th June 2024 to issue this Valuation Report.

BRIEF OF THE COMPANIES INVOLVED UNDER THIS ARRANGEMENT

1. **G G ENGINEERING LIMITED (hereinafter also referred to as 'GGEL' or 'Transferor Company'),** bearing CIN L28900MH2006PLC159174 was incorporated on 23rd January 2006, under the provisions of Companies Act, 1956 as a private company with the name & style of "G G Engineering Private Limited" under the jurisdiction of Registrar of Companies, Mumbai. Subsequently, on 03rd April 2017, the name of the Transferee Company was changed to its present name i.e., "G G Engineering Limited" pursuant to obtaining status of a Public Company. The Registered office of the Transferee Company is presently situated at Office No. 203, 2nd Floor, Shivam Chambers Coop Soc Ltd. S.V Road, Goregaon West, Near Sahara Apartment, Mumbai, Maharashtra - 400104. The Transferor Company is engaged in the business of superior infrastructure Infrastructural & Structural Steel, and Engineering products which are used for diverse applications in various industries, like infrastructure, construction, mega projects, modern buildings, high-rise residential and commercial projects, engineering set-ups, among others.
   The Equity Shares of the Transferor Company are listed on the bourses of BSE Limited.

2. **INTEGRA ESSENTIA LIMITED (hereinafter also referred to as 'IEL' or 'Transferee Company'),** bearing CIN L74110DL2007PLC396238 was incorporated on 06th August 2007, under the provisions of Companies Act, 1956 as a private company with the name & style of "Five Star Mercantile Private Limited" under the jurisdiction of Registrar of Companies, Maharashtra. Subsequently, on 03rd January 2012, the name of the Transferee Company was changed to "Five Star Mercantile Limited" pursuant to obtaining status of a Public Company. Thereafter, on 2nd August 2012, the name of the Transferee Company was changed to "Integra Garment and Textile Limited". Later, on 16th February 2022, the name of the Transferee Company was changed to its present name i.e., "Integra Essentia Limited". On 06th April 2022, the registered office of the Transferee Company was shifted from the state of Maharashtra to the state of New Delhi. The Registered office of the Transferee Company is presently situated at 607, 6th Floor, Pearls Best Height -II, Netaji Subhash Place, Maurya Enclave, Northwest Delhi, New Delhi - 110034. The Transferee Company is engaged into four business segments namely agro products, clothing, infrastructure, and energy. The transferee Company is mainly in the business of trading of agricultural commodities, life necessities, items of basic human needs, organic and natural products, and processed foods etc. and other essential goods, infrastructural products, among others.
   The Equity Shares of the Transferee Company are listed on the bourses of BSE Limited and the National Stock Exchange of India Limited.

1. OBJECTIVES AND RATIONALE OF THE SCHEME:

This Scheme of Amalgamation would result, inter-alia, in the following synergies for both the Transferor and Transferee companies and thereby preserving and creating value for its shareholders, creditors and various other stakeholders:

- **Consolidating strengths:**
  The Transferor Company is in the business of superior infrastructure Infrastructural & Structural Steel, and Engineering products which are used for diverse applications in various industries, like infrastructure, construction, mega projects, modern buildings, high-rise residential and commercial projects, engineering

set-ups, among others. The merger will enhance and strengthen the Transferee Company's infrastructure division, improving its operational capabilities and market competitiveness. It aims to enrich the combined product offerings and expand the customer base both locally and globally.

- **Value creation for Shareholders:**
  The proposed amalgamation is expected to create economic value for both the Transferor and Transferee companies. Shareholders of the Transferor company will benefit from reduced finance costs, improved profitability, and additional resources to fund business growth. Shareholders of the Transferee company are expected to benefit from business expansion. Shareholders of both companies are also likely to benefit from increased value created through business synergies, cost savings, reduced administrative/operating costs, and improved financial performance of the merged entity.

- **Focused management, synergies, and Growth prospects:**
  The Proposed Amalgamation would not only create economies of scale but also simplify management and strategic focus, leading to improved long-term performance. It will facilitate better and more efficient control over the business and financial conduct of the merged company, allowing for a more streamlined and coordinated approach to governance and strategic decision-making.

  The combined entity, on the back of its financial stability is likely to attract more opportunities for organic and inorganic growth viz., partnerships, acquisitions, and market expansion, translating into enhanced financial prospects.

  In summary, the amalgamation of the Transferor Company with the Transferee Company is driven by strategic business objectives of preserving businesses of both companies, build strong foundation and achieve market competitiveness by combing the collective strength of both the companies, achieving business and operational synergies & efficiencies, improved financial stability and performance, and thereby preserving and creating long-term value for its various stakeholders.

  This comprehensive rationale as above underscores the strategic motivations, expected benefits, and the context surrounding the Proposed Amalgamation, highlighting its alignment with both the companies' objectives and the interests of their various stakeholders.

2. SCOPE OF SERVICES:

The Companies have appointed Axiology Valuetech Private Limited, Registered Valuer Entity to independently analyze and undertake the valuation of **GG Engineering Limited (Transferor Company/ "GGEL")** and **Integra Essentia Limited ("Transferee Company"/ "IEL")**, companies involved in the proposed Scheme of Arrangement under Sections 230 to 232 and other applicable clauses of the Companies Act, 2013.

3. SCOPE & LIMITATIONS:

SCOPE OF WORK

- **Date of Appointment:** 13th June 2024
- **Valuation Date:** Based on Audited Financials as on 31st March 2024
- **Date of Report:** 29th June 2024
- **Base of value:** Fair value
- **Valuation Currency:** INR

THE VALUATION EXERCISE WAS CARRIED OUT UNDER THE FOLLOWING LIMITATIONS:

To arrive at share exchange ratio under the said Proposed Scheme of Arrangement, we have relied upon:

- Audited Balance Sheet as of 31st March 2024 and Audited Statement of Profit and Loss for the 12 Months Period ended 31st March 2024 of **GG Engineering Limited (Transferor Company/ "GGEL")** and Audited Consolidated Balance Sheet as of 31st March 2024 and Audited Consolidated Statement of Profit and Loss for the 12 Months Period ended 31st March 2024 of **Integra Essentia Limited ("Transferee Company"/ "IEL").**
- The scope of the 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. There may be matters, other than those noted herein, which might be relevant in the context of the transaction and which a wider scope might uncover.
- Draft Scheme of Arrangement as provided by the management.

EXTENT OF INVESTIGATION UNDERTAKEN

We would like to expressly state that though we have reviewed the financial data for the limited purpose of valuation assessment, but we have not performed an Audit and have relied upon the historical financials (Statement of Profit and Loss and Balance Sheet) as prepared and submitted to us by the management of the both the companies. The management has represented to us that it has taken due care in the preparation of such financial statements.

SECTION – II COMPANIES ASSESSMENT

GG ENGINEERING LIMITED (hereinafter also referred to as 'GGEL' or 'Transferor Company'), bearing CIN L28900MH2006PLC159174 was incorporated on 23rd January 2006, under the provisions of Companies Act, 1956 as a private company with the name & style of "G G Engineering Private Limited" under the jurisdiction of Registrar of Companies, Mumbai. Subsequently, on 03rd April 2017, the name of the Transferee Company was changed to its present name i.e., "G G Engineering Limited" pursuant to obtaining status of a Public Company. The Registered office of the Transferee Company is presently situated at Office No. 203, 2nd Floor, Shivam Chambers Coop Soc Ltd. S.V Road, Goregaon West, Near Sahara Apartment, Mumbai, Maharashtra - 400104. The Transferor Company is engaged in the business of superior infrastructure Infrastructural & Structural Steel, and Engineering products which are used for diverse applications in various industries, like infrastructure, construction, mega projects, modern buildings, high-rise residential and commercial projects, engineering set-ups among others.
The Equity Shares of the Transferor Company are listed on the bourses of BSE Limited.

Audited Balance Sheet as at 31st March 2024:

Particulars	Amount in INR Million
Share Capital	**1399.50**
Reserves and Surplus	**644.35**
Non-Current Liabilities	**26.37**
Current liabilities and provisions	**251.18**
Equity & Liabilities	**2321.39**
Non-Current Assets	**452.44**
Current Assets	**1868.95**
Total Assets	**2321.39**

Audited Statement of Profit and Loss for the 12 Months period ended 31st March 2024:

Particulars	Amount in INR Million
Revenue from Operations	**2,121.05**
Other Income	**31.99**
Total Revenue	**2,153.04**
Operating Expenses	**2,042.12**
EBITDA	**110.93**
Depreciation & Amortization	**6.33**
EBIT	**104.60**
Finance Cost	**1.51**
Profit before Tax (PBT)	**103.09**

The Capital Structure of the Company as on date:

Particulars	Amount (INR)
Authorized Share Capital	
1,65,00,00,000 Equity Shares of ₹1/- each	**1,650,000,000.00**
Total	**1,650,000,000.00**
Issued, Subscribed and Paid-Up Share Capital	
1,58,44,98,800 Equity shares of ₹1/- each	**1,58,44,98,800.00**
Total	**1,58,44,98,800.00**

INTEGRA ESSENTIA LIMITED (hereinafter also referred to as 'IEL' or 'Transferee Company') bearing CIN L74110DL2007PLC396238 was incorporated on 06th August 2007, under the provisions of Companies Act, 1956 as a private company with the name & style of "Five Star Mercantile Private Limited" under the jurisdiction of Registrar of Companies, Maharashtra. Subsequently, on 03rd January 2012, the name of the Transferee Company was changed to "Five Star Mercantile Limited" pursuant to obtaining status of a Public Company. Thereafter, on 2nd August 2012, the name of the Transferee Company was changed to "Integra Garment and Textile Limited". Later, on 16th February 2022, the name of the Transferee Company was changed to its present name i.e., "Integra Essentia Limited". On 06th April 2022, the registered office of the Transferee Company was shifted from the state of Maharashtra to the state of New Delhi. The Registered office of the Transferee Company is presently situated at 607, 6th Floor, Pearls Best Height -II, Netaji Subhash Place, Maurya Enclave, Northwest Delhi, New Delhi - 110034. The Transferee Company is engaged into four business segments namely agro products, clothing, infrastructure, and energy. The transferee Company is mainly in the business of trading agricultural commodities, life necessities, items of basic human needs, organic and natural products, and processed foods etc. and other essential goods, infrastructural products, among others.
The Equity Shares of the Transferee Company are listed on the bourses of BSE Limited and the National Stock Exchange of India Limited.

Audited Consolidated Balance Sheet as at 31st March 2024:

Particulars	Amount in INR Million
Share Capital	**914.07**
Reserves and Surplus	**257.12**
Non-Current Liabilities	**75.32**
Current liabilities and provisions	**770.10**
Equity & Liabilities	**2,016.60**
Non-Current Assets	**1,429.60**
Current Assets	**587.00**
Total Assets	**2,016.60**

Audited Consolidated Statement for the 12 Months period ended 31st March 2024:

Particulars	Amount in INR Million
Revenue from Operations	2,772.67
Other Income	183.57
Total Revenue	2,956.24
Operating Expenses	2,723.80
EBITDA	232.44
Depreciation & Amortization	37.16
EBIT	195.28
Finance Cost	5.63
Profit before Tax (PBT)	189.65

The Capital Structure of the Company as on date:

Particulars	Amount (INR)
Authorized Share Capital	
1,25,00,00,000 equity shares of ₹1 each	1,25,00,00,000.00
Total	1,25,00,00,000.00
Issued, Subscribed and Paid-Up Share Capital	
1,06,76,90,544 Equity Share of Rupee 1/-each fully paid up	1,06,76,90,544.00
Total	1,06,76,90,544.00

SECTION III - METHODS OF VALUATION ADOPTED

In case of a valuation for Amalgamation, the emphasis is on arriving at the “relative” values of the shares of the merging companies to facilitate determination of the “share exchange ratio”. Hence, the purpose is not to arrive at absolute values of the shares of the companies.

Judicial Pronouncements: -

Hindustan lever Employees’ Union v/s Hindustan lever Limited and others (1995) 83 Company cases 30 (SC)

The jurisdiction of the Court in sanctioning a claim of merger is not to ascertain mathematical accuracy if the determination satisfied the arithmetical test. A company court does not exercise an appellate jurisdiction. It exercises a jurisdiction founded on fairness. It is not required to interfere only because the figure arrived at by the valuer was not as good as it would have been if another method had been adopted. What is imperative is that such a determination should not have been contrary to law and that it was not unfair for the shareholders of the company which was being merged.

The Hon’ble Supreme Court held “We do not think that the internal management, business activity or institutional operation of public bodies can be subjected to inspection by the court. To do so, is incompetent and improper and, therefore, out of bounds.”

The **dominance of profits for valuation of share was emphasized in “McCathies case”** (Taxation, 69 CLR 1) where it was said that *“the real value of shares in a company will depend more on the profits which the company **has been making and should be capable of making**, having regard to the nature of its business, than upon the amount which the shares would realize on liquidation”.* This was also re-iterated by the Indian Courts in Commissioner of Wealth Tax v. **Mahadeo Jalan’s case (S.C.)** (86 ITR 621) and Additional Commissioner of Gift Tax v. Kusumben D. Mahadevia (S.C.) (122 ITR 38).

In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment considering all the relevant factors. There will always be several factors, e.g., present, and prospective competition, yield on comparable securities, and market sentiments etc. which are not evident from the face of the balance sheets, but which will strongly influence the worth of a share.

Based on the facts of the case, we have valued **GG Engineering Limited (Transferor Company/ “GGEL”)** and **Integra Essentia Limited (“Transferee Company”/ “IEL”)** as per Internationally Accepted Valuation Methodologies.

SECTION – IV VALUATION ANALYSIS

There are three approaches to Valuation namely Income, Asset and Market Approaches.

Approach	Valuation Methodologies	Basis of Consideration
Asset	**Net Asset Value (NAV) Method**	The Asset-based method views the business as a set of assets and liabilities that are used as building blocks of a business value. The business value is the difference in the value of these assets and liabilities on a Book Value basis or Realizable Value basis or Replacement Cost basis. **In the case of transferor Company and transfer Company, we have deemed it suitable to apply NAV as the Company to arrive at the book value or minimum proxy value of the company.**
Market	**Comparable Companies Multiples (CCM) Method**	This methodology uses the valuation ratio of a publicly traded company and applies that ratio to the company being valued. The valuation ratio typically expresses the valuation as a function of a measure of financial performance or Book Value (e.g., Revenue, EBITDA, EBIT, Earnings per Share or Book Value). A key benefit of Comparable Company Market Multiple analysis is that the methodology is based on the current market stock price. The current stock price is generally viewed as one of the best valuation metrics because it is based on observable inputs. **In the instant case, both the companies are listed on the Stock Exchange and Transferor is frequently traded on BSE limited (BSE) and Transferee is frequently traded on National Stock Exchange (NSE). Hence, we deemed it suitable to consider the Market Price in the NSE and BSE for the valuation exercise instead of the Comparable Multiples of the Transferor and Transferee Companies.**
	Market Price Method (90 Trading Days (TD) –10 Trading Days (TD))	In this method the VWAP (Volume Weighted Average Price) of the latest 90 Trading days (TD) VWAP and 10 Trading days are taken. The maximum of these two is then taken as the fair market value. **Since both the Companies are listed on the Stock Exchanges and Transferor is frequently traded on BSE limited (BSE) and Transferee is frequently traded on National Stock Exchange (NSE), we have applied this methodology in the instant case for Transferor and Transferee Companies.**
Income	**Discounted Cash Flow (DCF) Method**	The DCF method expresses the present value of the business as a function of its future cash earnings capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate. The value of the firm is arrived at by estimating the Cash Flows (CF) to Firm and discounting the same with Weighted Average cost of capital (WACC). The DCF methodology is the most appropriate basis for determining the earning capability of a business. In the DCF approach, the appraiser estimates the cash flows of any business after all operating expenses, taxes, and necessary investments in working capital and Capex is being met. **In case of, Transferor Company, we have deemed it suitable to opt DCF Method as the Company will not be in existence after this Merger, however operations will be in existence and would continue generate cash flows under the name of transferee company.** **In case of the Transferee Company, the business of the company is expected to be continued in future years, hence we deemed it suitable to do valuation of the Company as per Discounted Cash Flow (DCF) Method.**

1. <u>GG Engineering Limited (Transferor Company)</u>

Computation of Equity value per share of the Company based on 31st March 2024 Financials:

a) Net Asset Value (NAV) Method

G G Engineering Limited	
Particulars	**All Amount INR Million**
Equity Share Capital	**1,584.50**
Reserves and Surplus	**642.50**
Net Asset Value	**2,226.99**
Add: Money yet to be received against share warrants	**44.55**
Adjusted Net worth	**2,271.54**
No. of Equity Shares	**1,629,498,800**
Value per Equity share (INR)	**1.39**

b) Market Price Method (90 Trading Days (TD) –10 Trading Days (TD))

Particular	Details
Total Value of the Shares trading of 90 TD	1,423,157,269.00
Total No. of shares Traded in 90 TD	678,764,846
90 TD VWAP	2.10
Total Value of the Shares trading of 10 TD	168,748,938.00
Total of No. of Shares Traded in 10 TD	80,456,543
10 TD VWAP	2.10
Maximum price (INR)	2.10

c) Discounted Cash Flow (DCF) Method

Discounted Cash Flow Analysis - G G Engineering Limited						
WACC:	13.15%	Amount In INR Million				
GROWTH RATE:	5.00%					
FY	2025	2026	2027	2028	2029	Terminal
Particulars						
Turnover	2,439.21	2,780.70	3,114.38	3,488.11	3,906.68	
Other Income	35.83	39.41	43.36	47.69	52.46	
PBT (Excluding Other Income)	43.24	52.75	143.12	280.66	444.18	
Less: Direct Taxes Paid	10.88	13.28	36.02	70.64	111.79	
PAT (Excluding Other Income)	32.36	39.47	107.10	210.02	332.39	
Add: Depreciation	6.46	6.59	6.72	6.85	6.99	
Less: Capital Expenditure	6.83	6.97	7.10	7.25	7.39	
Add: Interest (Post-tax)	1.24	1.36	1.50	1.65	1.82	
Less: Change in Non-Cash Working Capital	98.63	77.08	147.26	253.11	357.90	
Free Cash Flows to Firm	(65.40)	(36.62)	(39.05)	(41.84)	(24.09)	2,839.04
Discounting Factor (Mid-Year)	0.94	0.83	0.73	0.65	0.57	0.57
Present value of Cash flow	(61.48)	(30.42)	(28.67)	(27.15)	(13.82)	1,628.24
Enterprise Value	1,466.70					
Add: Investments	173.54					
Add: Loans	407.59					
Add: Bank deposits with more than 12 months maturity	0.45					
Add: Cash and Cash Equivalents	197.90					
Add: Money yet to be received against share warrants	44.55					
Add: Interest accrued on fixed deposit	0.16					
Add: Deferred tax assets (net)	0.70					
Less: Debt	28.43					
Equity Value	2,263.15					
No of Shares Post conversion of warrants and inclusive of warrants whose allotment is pending	1,629,498,800					
Per Share Equity Value	1.39					

Note:

For the purpose of valuation of equity in this transaction through DCF methodology, we have relied upon the projections provided by the management for the period starting from 01st April 2024 and ending 31st March 2029 duly supplemented by its Terminal Value based on the Gordon Growth Model and extrapolating the adjusted free cash flows for last year at an annual growth rate of 5% to perpetuity.

DCF Assumptions:

Particulars	Notes	
Risk free rate (Rf) as on 28.03.2024	7.05%	Considered of long-term India government bond rate
Market rate of return - ER(m)	15.80%	Considered the BSE Sensex for the determination of the Market Return.
Company Beta… (β)	0.71	We have taken the Beta value (B) as 0.71 since the Company's shares are listed, hence, we have taken the company's data to arrive to the beta.
Additional Company Specific Risk Premium (CSRP)	0%	We have determined a 0% additional risk premium based on an assessment of the company's profile, financial structure, and return on investment (ROI). This evaluation considers the aggressiveness of projected future cash flows, the current national economic scenario, and the operating environment of the company.
Cost of Equity (Ke)	13.22%	As per Modified CAPM model i.e. [Ke = Rf+ β(Rm-Rf) + CSRP]
Cost of Debt	10.00%	As represented by the Management & Financials of the Company
Equity portion in capital structure	98.74%	As represented by the Management after conversion of warrants into equity shares.
WACC	13.15%	WACC = (Ke * % Equity in Capital Structure) + (Cost of Debt * % Debt in Capital Structure * (1-Tax Rate))
Growth Rate	5%	As the perpetuity growth rate assumes that the company will continue its historic business and generate Free Cash Flows at a steady state forever. Since terminal value constitutes a major proportion of the entire value of the business, I while deciding the terminal growth rate have given emphasis to economic factors & financial factors like Inflation of the Country, GDP growth of the Country, Projected Financials, Historical Financial Position, Organic & Inorganic growth strategies of the Company etc. Accordingly, for perpetuity, we have considered 5% growth rate

Computation of the Fair Value of GG Engineering Limited:

Fair Value of G G Engineering Limited				
All Amount INR				
Approach Applied	**Methodology Applied**	**Weight**	**Equity Value per Share**	**Weighted Average Equity Value per Share**
Asset	**Net Asset Value**	**0%**	**1.39**	**-**
Market	**90 Trading Days - 10 Trading Days**	**100%**	**2.10**	**2.10**
Income	**Discounted Cash Flow**	**0%**	**1.39**	**-**
Weighted Average Equity Value per Share				**2.10**

Weightage Rationale:
GG will transfer its business to IEL in the Amalgamation process and will continue the business under the name of IEL. We have considered giving zero weightage to the DFCF. Further the Value as computed by DFCF Method, and NAV Method does not comprehend the value as reached by the Market Price Method. Hence, we deemed it suitable to consider 100% weightage to the Market Price Method (90 Trading Days - 10 Trading Days).

2. Integra Essentia Limited (Transferee Company)

Computation of Equity value per share of the Company based on 31st March 2024 Financials

a) Net Asset Value (NAV) Method

INTEGRA ESSENTIA LIMITED	
Particulars	**All Amount INR Million**
Equity Share Capital	914.07
Reserves and Surplus	257.12
Net Asset Value	**1,171.18**
Add: Amount Received against Right Issue	499.28
Adjusted Net Asset Value	**1,670.46**
No. of Equity Shares	1,067,690,544
Value per Equity share (INR)	**1.56**

b) Market Price Method (90 Trading Days (TD) –10 Trading Days (TD))

Particular	Details
Total Value of the Shares trading of 90 TD	1,098,508,036.82
Total No. of shares Traded in 90 TD	269,088,401.00
90 TD VWAP	4.08
Total Value of the Shares trading of 10 TD	232,958,892.08
Total of No. of Shares Traded in 10 TD	52,779,583.00
10 TD VWAP	4.41
Maximum price (INR)	4.41

c) Discounted Cash Flow Method (DCF)

Discounted Cash Flow Analysis - INTEGRA ESSENTIA LIMITED						
WACC:	20.17%		Amount In INR Million			
GROWTH RATE:	5.00%					
FY	2025	2026	2027	2028	2029	Terminal
Particulars						
Turnover	3,105.39	3,478.03	3,895.40	4,362.84	4,886.38	
Other Income	201.93	222.12	244.34	268.77	295.65	
PBT (Excluding Other Income)	173.56	371.08	602.85	873.60	1,188.68	
Less: Direct Taxes Paid	43.68	93.39	151.73	219.87	299.17	
PAT (Excluding Other Income)	129.88	277.69	451.13	653.74	889.52	
Add: Depreciation	39.39	41.76	44.26	46.92	49.73	
Less: Capital Expenditure	84.74	92.55	101.15	165.63	210.06	
Add: Interest (Post-tax)	4.42	4.64	4.88	5.12	5.38	
Less: Change in Non-Cash Working Capital	98.36	123.29	106.60	246.33	328.18	
Free Cash Flows to Firm	(9.41)	108.25	292.51	293.81	406.38	5,964.08
Discounting Factor (Mid-Year)	0.91	0.76	0.63	0.53	0.44	0.44
Present value of Cash flow	(8.59)	82.17	184.79	154.46	177.78	2,609.16
Enterprise Value	3,199.78					
Add: Investments	358.35					
Add: Loans	693.21					
Add: Security Deposits	0.11					
Add: Cash and Cash Equivalents	518.84					
Add: Interest accrued on fixed deposit	0.54					
Less: Debt	73.77					
Less: Deferred tax liabilities (net)	2.52					
Equity Value	4,694.54					
No of Shares post right issue	1,067,690,544					
Per Share Equity Value	4.40					

DCF Assumptions

Particulars	Notes	
Risk free rate (Rf) as on 28.03.2024	7.05%	Considered of long-term India government bond rate
Market rate of return - ER(m)	15.80%	Considered the BSE Sensex for the determination of the Market Return.
Company Beta… (β)	0.42	We have adopted a re-levered Beta value (B) of 0.42, based on the Beta values of industrial peers, as the Company's own Beta over the past five years has been negative.
Additional Company Specific Risk Premium (CSRP)	10%	We have determined a 10% additional risk premium based on an assessment of the company's profile, financial structure, and return on investment (ROI). This evaluation considers the aggressiveness of projected future cash flows, the current national economic scenario, and the operating environment of the company.
Cost of Equity (Ke)	20.73%	As per Modified CAPM model i.e. [Ke = Rf+ β(Rm-Rf) + CSRP]
Cost of Debt	10%	As represented by the Management & Financials of the Company
Equity portion in capital structure	95.77%	As represented by the Management after right issue of shares.
WACC	20.17%	WACC = (Ke * % Equity in Capital Structure) + (Cost of Debt * % Debt in Capital Structure * (1-Tax Rate))
Growth Rate	5%	As the perpetuity growth rate assumes that the company will continue its historic business and generate Free Cash Flows at a steady state forever. Since terminal value constitutes a major proportion of the entire value of the business, I while deciding the terminal growth rate have given emphasis to economic factors & financial factors like Inflation of the Country, GDP growth of the Country, Projected Financials, Historical Financial Position, Organic & Inorganic growth strategies of the Company etc. Accordingly, for perpetuity, we have considered 5% growth rate

Computation of the Fair Value of Integra Essentia Limited:

Fair Value of INTEGRA ESSENTIA LIMITED				
All Amount INR				
Approach Applied	Methodology Applied	Weight	Equity Value per Share	Weighted Average Equity Value per Share
Asset	Net Asset Value	0%	1.56	-
Market	90 Trading Days - 10 Trading Days	50%	4.41	2.21
Income	Discounted Cash Flow	50%	4.40	2.20
Weighted Average Equity Value per Share				4.41

Weightage Rationale:

The transferee company operates under the going concern assumption, and post-merger, IEL will be the resulting entity. Consequently, we have deemed it appropriate to assign zero weight to the Net Asset Value method. Additionally, since IEL will be the resulting company, future cash flows and market-derived values are both critical in determining the per-share equity value. Therefore, we have decided to assign equal weight to DCF and the Market Price Method (90 Trading Days - 10 Trading Days).

SECTION V –SHARE EXCHANGE RATIO

SHARE EXCHANGE RATIO FOR AMALGAMATION: -

BSE Circular No. LIST/COMP/02/2017-18 dated 29 May 2017 requires the valuation report for a Scheme of Arrangement to provide certain requisite information in a specified format.

Valuation Approach	Methodology Applied	GG Engineering Limited (Transferor)			Integra Essentia Limited (Transferee)		
		Weights	Equity Value Per Share (INR)	Weighted Equity Value Per Share (INR)	Weights	Equity Value Per Share (INR)	Weighted Equity Value Per Share (INR)
Asset	Adjusted Book Value	0%	1.39	2.10	0%	1.56	4.41
Market	Comparable Companies Multiples	Nil	Nil		Nil	Nil	
	Market Price Method	100%	2.10		50%	4.41	
Income	Discounted Cash Flow	0%	1.39		50%	4.40	

Based on above analysis, the share exchange ratio has been arrived at and accordingly the Transferee Company shall, without any further act or deed and without any further payment, issue and allot equity shares on a proportionate basis to each member of the Transferor Company whose names are recorded in the Register of Members/ List of Beneficial Owners for shares in dematerialized form of the Transferor Company on the Record Date.

CALCULATION OF EXCHANGE RATIO		
Company Name	Integra (Transferee)	GG (Transferor)
Equity Value Per Share (INR)	4.41	2.10
Exchange Ratio	1.00	0.48
Exchange Ratio For 100 Shares	100	48

"Integra Essentia Limited" (Transferee Company) shall issue and allot 48 (Forty-eight) Equity Shares of Face Value of INR 1.00/- (Rupee One Each) each to Equity Shareholders of "GG Engineering Limited" (Transferor Company) for every 100 (One Hundred) Equity Share of Face Value of INR 1.00/- (Rupee One Each) each held by them in the Transferor Company.

SECTION VII–CAVEATS

- This Valuation Report has been issued on the specific request of Company for determining the Share exchange ratio for the said proposed Scheme of Arrangement in accordance with the Companies Act, 2013 and Rules thereof. This Report is prepared exclusively for the above stated purpose and must not be copied, disclosed, or circulated or referred to in correspondence or discussion with any other party. Neither this report nor its content may be used for any other purpose without the prior written consent.
- No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in accounts. Therefore, no responsibility is assumed for matters of legal nature.
- In accordance with the customary approach adopted in Valuation exercise, we have summarized the Share exchange ratio of equity shares of the company based on the information as was provided to us by the management of the Company both written, verbal, and other publicly available information. we do not assume any responsibility for the accuracy or reliability of such documents on which we have relied upon in forming the opinion.
- This Report does not investigate the business/commercial reasons behind the transaction nor the likely benefits arising out of the same. In addition, we express no opinion or recommendation, and the shareholders are expected to exercise their own discretion.
- We have no present or planned future interest in the Company and the fee for this Valuation analysis is not contingent upon the values reported herein. The Valuation Analysis contained herein is not intended to represent the value at any time other than the date that is specifically stated in this Report.
- The report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- In no circumstances shall the liability of a valuer, its partners, directors, or employees, relating to the services provided in connection with the engagement set out in this Valuation report shall exceed the amount paid to such valuer in respect of the fees charged by it for these services.
- The valuation report should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering the proposed transaction.