

FAIRNESS OPINION REPORT

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)

29th June 2024

Strictly Private and Confidential



Ref. No: CPC/MB/058/2024-25
SEBI Reg. No: INM000011435

To,
The Board of Directors
Integra Essentia Limited
607, 6th Floor, Pearls Best Height -II,
Netaji Subhash Place, Maurya Enclave,
Northwest Delhi, India, 110 034

To,
The Board of Directors
GG Engineering Limited
Office No. 203, 2nd Floor,
Shivam Chambers Coop Soc Ltd. S.V Road,
Goregaon West, Near Sahara Apartment,
Mumbai, Maharashtra 400 104

Dear Sir/Ma'am,

Subject: Fairness Opinion on 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, **Corporate Professionals Capital Private Limited** (SEBI Registered Category I Merchant Banker), have been appointed by GG Engineering Limited (Transferor Company/ "GGEL") and Integra Essentia Limited ("Transferee Company"/ "IEL"), to provide a Fairness Opinion on the Valuation report issued by Axiology Valuetech Private Limited, Registered Valuer Entity, dated 29th June 2024, in connection with the proposed amalgamation of 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 terms of our engagement, we are enclosing our opinion along with this letter. All comments as contained herein must be read in conjunction with the caveats to this opinion. The opinion is confidential and has been made in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") read with SEBI Master Circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, it should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of **Corporate Professionals Capital Private Limited**, such consent will only be given after full consideration of the circumstances at the time. We are however aware that the conclusion in this report may be used for the purpose of disclosure to be made to the stock exchanges, Hon'ble National company Law Tribunal ("NCLT") and notices to be dispatched to the shareholders and creditors for convening the meeting pursuant to the directions of Hon'ble NCLT 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

Date: 29th June 2024

Place: New Delhi

For **Corporate Professionals Capital Private Limited**



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CONTEXT AND BACKGROUND

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 – 400 104. 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 in 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.

Furthermore, this Scheme of Arrangement for Amalgamation of the Transferor Company with the Transferee Company would result, inter-alia, in the following additional benefits:

This Scheme of Amalgamation would result, inter-alia, in the following benefits:

- **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.



BRIEF ABOUT COMPANIES

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 on 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 in 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 on 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



SHARE EXCHANGE RATIO FOR AMALGAMATION

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.



Method of Valuation:

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

Approach	Valuation Methodologies	Basis of Consideration
Asset	Adjusted Net Asset Value (NAV) Method	<p>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 Realizable Value basis or Replacement Cost basis.</p> <p>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.</p>
Market	Comparable Companies Multiples (CCM) Method	<p>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.</p> <p>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.</p>
	Market Price Method (90 Trading Days (TD) –10 Trading Days (TD))	<p>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.</p> <p>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.</p>
Income	Discounted Free Cash Flow (DFCF) Method	<p>The DFCF 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 Free Cash Flows (FCF) to Firm and discounting the same with Weighted Average cost of capital (WACC). The DFCF methodology is the most appropriate basis for determining the earning capability of a business. In the DFCF 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.</p> <p>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.</p> <p>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.</p>



CONCLUSION & OPINION

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 Iyer Employees’ Union v/s Hindustan Iyer 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 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.

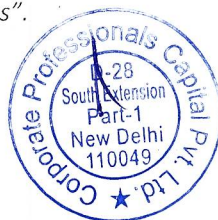
The Hon’ble Supreme Court held “I do not think that the internal management, business activity or institutional operation of public bodies can be subjected to inspection by the court. To do so, is incompetent and improper and, therefore, out of bounds.”

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 reiterated by the Indian Courts in **Commissioner of Wealth Tax v. MahadeoJalan’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.

“Subject to the above read with the caveats as detailed later, we as a Merchant Banker hereby certify that pursuant to SEBI Master Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, we have reviewed the proposed Scheme of Arrangement for Amalgamation, the Valuation Report dated 29th June 2024 of Axiology Valuetech Private Limited, Registered Valuer Entity, with respect to the share exchange ratio aspects and consider it to be fair and reasonable from the point of view of equity shareholders of the Companies”.



CAVEATS

- We wish to emphasize that we have relied on explanations and information provided by the respective management and other publicly available information. Although we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided.
- We have not made an appraisal or independent valuation of any of the assets or liabilities of the companies and have not conducted an audit or due diligence or reviewed/validated the financial data except what is provided to us by the Restructured Companies.
- 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. There may be matters, other than those noted in this Scheme, which might be relevant in the context of the transaction and which a wider scope might uncover.
- We have no present or planned future interest in the Restructured Company/ies and the fee payable for this opinion is not contingent upon the opinion reported herein.
- Our Fairness Opinion should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering the proposed transaction.
- The Opinion contained herein is not intended to be represented at any time other than the date that is specifically stated in this Fairness Opinion Report. This opinion is issued on the understanding that the Management of the Restructured Companies under the Scheme have drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of signature. We have no responsibility to update this report for events and circumstances occurring after the date of this Fairness Opinion.

