

**FAIRNESS OPINION REPORT ON VALUATION FOR THE
PROPOSED SCHEME OF MERGER BY ABSORPTION**

OF

**Whitehills Interior Limited (“WIL”)
 (“Transferor Company”)**

WITH

**EFC (I) Limited (“E(I)L”)
 (“Transferee Company”)**

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS (IF ANY)

By



Navigant

Navigant Corporate Advisors Limited
423, A Wing, Bonanza, Sahar Plaza Complex,
J.B. Nagar, Andheri Kurla Road,
Andheri East, Mumbai-400 059
Email Id- navigant@navigantcorp.com
Web: www.navigantcorp.com

SEBI Registered Category I Merchant Banker

SEBI Registration No. INM000012243



Notice to Reader

Navigant Corporate Advisors Limited (“Navigant” / “NCAL” or “Authors of the Report”) is a SEBI registered ‘Category I’ Merchant banker in India and was engaged by Board of Directors of EFC (I) Limited (“E(I)L” or “Transferee Company”) to prepare an Independent Fairness Opinion Report (“Report”) with respect to providing an independent opinion and assessment as to fairness of Valuation Report and Swap ratio determined by Bhavesh M Rathod, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2019/10708 (referred to as ‘Valuer’) an Independent Valuer for the purpose of intended proposed Merger of Whitehills Interior Limited (“WIL” / “Transferor Company”) with EFC (I) Limited (“E(I)L” or “Transferee Company”) pursuant to a Scheme of Amalgamation under section 230 to 232 read with other relevant provisions of the Companies Act, 2013 (“Scheme”). WIL and E(I)L are collectively referred as “Companies”.

The Fairness Opinion Report (“Report”) has been prepared on the basis of the review of information provided to Navigant and specifically the Report on Swap ratio (hereinafter referred as Valuation Report) prepared by Valuer on an independent basis. This report is limited to provide its fairness opinion on the Valuation Report.

The information contained in this Report is selective and is subject to updations, expansions, revisions and amendment. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent.

This Report is based on data and explanations provided by the management and certain other data culled out from various websites believed to be reliable. Neither the Company nor Navigant, nor affiliated bodies corporate, nor the directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information contained in the Report. All such parties and entities expressly disclaim any and all liability for or based on or relating to any such information contained in, or errors in or omissions from, this Report or based on or relating to the Recipients’ use of this Report.



Date: July 20, 2023

To,
The Board of Directors,
EFC (I) Limited (“E(I)L”),
6th Floor, VB Capitol Building, Range Hill
Road, Opp. Hotel Symphony, Bhosle Nagar,
Shivaji Nagar, Pune – 411007, Maharashtra

To,
The Board of Directors,
Whitehills Interior Limited (“WIL”)
6th Floor, VB Capitol Building, Range Hill
Road, Opp. Hotel Symphony, Bhosle Nagar,
Shivaji Nagar, Pune – 411007, Maharashtra

Dear Members of the board,

Engagement Background

We understand that the Board of Directors of Whitehills Interior Limited (“WIL” / “Transferor Company”) with EFC (I) Limited (“E(I)L” or “Transferee Company”) are considering a scheme of Amalgamation under sections 230 to 232 read with other relevant provisions of the Companies Act, 2013 of Whitehills Interior Limited (“WIL” / “Transferor Company”) with EFC (I) Limited (“E(I)L” or “Transferee Company”) and their respective shareholders and creditors (if any) (“the Scheme”) for merger under the provisions of Sections 230 to 232 read with other relevant provisions of the Companies Act, 2013, as may be applicable, and also read with Section 2(1B) and other relevant provisions of the Income-tax Act, 1961, as may be applicable, for Merger of E(I)L and vesting of the same in WIL on a going concern basis.

We understand that the Valuation as well as the swap ratio thereof is based on the Valuation Certificate dated July 20, 2023 issued by Bhavesh M Rathod, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2019/10708 (referred to as ‘Valuer’).

We, Navigant Corporate Advisors Limited, a SEBI registered Category-I Merchant Banker, have been engaged by E(I)L to give a fairness opinion (“Opinion”) on Valuation Certificate dated July 20, 2023 issued by Bhavesh M Rathod, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2019/10708 (referred to as ‘Valuer’).



Background of the Companies

EFC (I) LIMITED (“E(I)L” or the “Transferee Company”):

- E(I)L (CIN: L74110PN1984PLC216407) is a public limited company incorporated on February 07, 1984, and having its registered office at 6th Floor, VB Capitol Building, Range Hill Road, Opp. Hotel Symphony, Bhosle Nagar, Shivaji Nagar, Pune – 411007, Maharashtra.
- E(I)L is engaged, inter alia, in the business of developing, buying, selling or renting out serviced and virtual office space, meeting rooms, office equipments, storage facilities, software development centers, network infrastructure, business executive suites, furnished meeting space and any other infrastructure projects including software parks, health care centers and business of software development, web site development, training, exporting, importing, buying, selling, distributing or otherwise deal in any other manner in computer software, computer programming, system software, data processing, data entry data warehousing, systems, software procedures, peripheral products, to commercialize the results in the areas of software engineering, generating technology, software development, and methodology.
- E(I)L is listed on BSE Limited.
- The shareholding pattern of E(I)L as on valuation date is as under:

Name of Shareholders	No. of shares	% shareholding
Promoter	45,37,000	55.09%
Public	31,90,374	38.74%
Outstanding Share Warrants (*)	5,08,500	6.17%
Total	82,35,874	100.00%

(*) Conversion ratio of share warrants is 1:1, as represented by management warrants will be converted to equity in due course, hence considered under diluted equity share capital.

- Directors and Key Managerial Persons of the Company as on valuation date are as under:

DIN/PAN	Name	Begin date	Designation
0000119614	Rajesh Chandrakant Vaishnav	13/08/2022	Director
0001733060	Umesh Kumar Sahay	06/05/2022	Managing Director
0001873087	Abhishek Narbaria	26/05/2022	Wholetime Director
0002111646	Nikhil Dilipbhai Bhuta	26/05/2022	Wholetime Director
0008095079	Mangina Srinivas Rao	26/12/2022	Director
BFLPA1782C	Aman Kumar Gupta	20/10/2022	Company Secretary
0009054785	Gayathri Iyer	26/05/2022	Director
AIVPV5924D	Uday Tushar Vora	26/05/2022	CFO(KMP)



Whitehills Interior Limited (“WIL” or the “Transferor Company”):

- WIL is incorporated in India under the Companies Act, 1956 on December 20, 2022 with CIN U26990PN2022PLC216228. The registered office of the Company is located at 6th Floor, VB Capitol Building, Range Hill Road, Opp. Hotel Symphony, Bhosle Nagar, Shivaji Nagar, Pune – 411007, Maharashtra.
- WIL is primarily engaged in the business of interior designing, interior designing consultancy, manufacturers, assembling, reassembling, repairing, importing, exporting, selling, buying, exchanging, altering, letting on hire, distributing or dealing in all kinds of ceramic items for homes and offices, curtains, panel products, household utensils, china and glass goods, floorings, wallpapers, kitchenware, carpets and other decorative and utility items etc.
- WIL is not listed on any stock exchange.
- The shareholding pattern of WIL as on valuation date is as under:

Sr.no	Name of Shareholders	No of Shares	% of Shareholding
1	EFC (I) Ltd	51,000	51.00%
2	Umesh Sahay	39,000	39.00%
3	Abhishek Narbaria	9,996	10.00%
4	Others	4	0.00%
Total		1,00,000	100.00%

- Directors and Key Managerial Persons of the Company as on valuation date are as under:

DIN/PAN	Name	Begin date	Designation
0001733060	Umesh Kumar Sahay	20/11/2022	Director
0001873087	Abhishek Narbaria	20/11/2022	Director
0006859500	Vishal Omprakash Sharma	15/03/2023	Additional Director



Transaction Overview and Rational

Amalgamation pursuant to this Scheme would, inter alia, have the following benefits:

- The Transferor Company is in the business in India as stated in above, the Transferor Company have decided to undertake amalgamation of the business of the Transferor Company with the Transferee Company because of the business lines which presently compliments the Businesses of the Transferor company.
- The Promoter(s)/ ultimate beneficiary owner of both Companies are same. After the amalgamation, the promoters will give and devote more time to look after the day-to-day activities of the Company. The Shareholders/ Directors are mainly common for both the Transferee and Transferor Company. The Transferee company presently holding 51% of the issued and paid- up capital of the Transferor Company.
- The Amalgamation is in line with the Transferee Company's strategy to build a sustainable and profitable business in India. The Transferor Company and the Transferee Company expect significant synergies through supply chain opportunities and operational improvements, go-to-market and distribution network optimization, scale efficiencies in cost areas such as marketing, and optimization of overlapping infrastructure.
- It would be advantageous to combine the activities and operations of the all the companies into a single Company for synergistic linkages and the benefit of combined financial resources. This will be reflected in the profitability of the Transferee Company.
- Amalgamation of the Transferor Company with the Transferee Company will also provide an opportunity to leverage combined assets and build a stronger sustainable business. Specifically, the merger will enable optimal utilization of existing resources and provide an opportunity to fully leverage strong assets, capabilities, experience, expertise and infrastructure of both the companies. The merged entity will also have sufficient funds required for meeting its working capital needs and other purposes raised as provided for in the scheme.
- The Scheme of arrangement will result in cost saving for both the companies as they are capitalizing each other's core competency and market which is expected to result in higher profitability levels and cost savings for the Amalgamated Company.



- The Accumulated Losses of the transferor company (if any), will be absorbed with the profits of the merged entity as per the provisions of the Income Tax Act, 1961. The Amalgamation is in accordance with the Section 2(IB) of the Income Tax Act, 1961 and the Transferor Company as well as the Transferee Company will be able to avail of the benefits available under the Income tax Act, 1961 and any other provisions applicable and available under the Indian laws.
- The Amalgamated Company will have the benefit of the combined resources of Transferor and Transferee Companies i.e., Reserves, investments, goodwill, manpower, finances, customers, distributors, brands etc. at its disposal for meeting its requirements.
- Transferor as well as Transferee Company share common fundamental management philosophies viz. better corporate Transparency and better Governance. The Companies also share common corporate values.

Information relied upon:

We have prepared the fairness opinion report on the basis of the information provided to us and inter alia the following:

- Share Exchange ratio valuation report dated July 20, 2023 issued by Bhavesh M Rathod, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2019/10708 (referred to as 'Valuer');
- Other information and explanations as provided by the management.

Further, we had discussions on such matters which we believe are necessary or appropriate for the purpose of issuing the valuation report.

We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns. We understand that the Company has carried independent valuation of the asset of the Company Title to all subject business assets is assumed to be good and marketable and we would urge the company to carry out the independent assessment of the same.

We have been informed that all information relevant for the purpose of issuing the Fairness Opinion report has been disclosed to us and we are not aware of any material information that has been omitted or that remains undisclosed.



Valuation Summary:

Some of the methods considered by the valuer for arriving at fair value of shares of a company are as under:

Valuation methods are broadly classified into –

Cost Approach – Net Asset Value (NAV) method

- 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.

Income Approach – Discounted Cash Flows (DCF) method

- 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.

Market Approach – Market Price 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 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.



Basis of Valuation and Assumptions made by the valuer:

The valuation is based, on the aforesaid methods as described below:

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

In the instant case, based on the nature of business of the Company, availability of data and generally acceptable valuation methodologies, Valuer have valued the Equity Shares of EFC (I) Limited (“E(I)L”) as per weighted average of Discounted Cash Flow Method & Comparable Company Market (CCM) Multiple Method and for Whitehills Interior Limited (WIL) valuation has been done by valuer on Discounted Cash Flow Method.

Conclusion ratio:-

“For every 1 equity share of WIL, 77 equity shares of E(I)L will be issued”.

Exclusions and Limitations

Our opinion and analysis is limited to the extent of review of the valuation report by the valuer and the Draft scheme document. In connection with the opinion, we have

- A) Reviewed the Draft Scheme Document
- B) Valuation Report dated July 20, 2023 issued by Bhavesh M Rathod, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2019/10708.
- C) Provisional Financial statements of EFC (I) Limited (E(I)L) & Whitehills Interior Limited (WIL) as on 30th June, 2023.
- D) Management certified projected financial statements for the period of 5 years from financial year 2023-2024 to financial year 2027-2028 of EFC (I) Limited
- E) Management certified projected financial statements for the period of 6 years from financial year 2023-2024 to financial year 2028-2029 of Whitehills Interior Limited.
- F) Held discussions with the valuer, in relation to the approach taken to valuation and the details of various methodologies utilized by them in preparing the valuation report and recommendations;
- G) Reviewed historical stock prices and trading volumes of E(I)L at BSE Limited;



This opinion is intended only for the sole use and information of E(I)L and WIL in connection with the Scheme, including for the purpose of obtaining judicial and regulatory approvals, and for no other purpose. We are not responsible in any way to any person/party/statutory authority for any decision of such person or party or authority based on this opinion. Any person/party intending to provide finance or invest in the shares/business of either E(I)L and WIL or their subsidiaries /joint ventures/associates shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

For the purpose of this assignment, Navigant has relied on the Valuation Certificate for the proposed “Scheme of Amalgamation” of E(I)L and WIL their respective shareholders and information and explanation provided to it, the accuracy whereof has not been evaluated by Navigant. Navigant’s work does not constitute certification or due diligence of any past working results and Navigant has relied upon the information provided to it as set out in working results of the aforesaid reports.

Navigant has not carried out any physical verification of the assets and liabilities of the companies and takes no responsibility on the identification and availability of such assets and liabilities.

We hereby give our consent to present and disclose the Fairness Opinion in the general meetings of the shareholders of E(I)L and WIL, to the Stock Exchange and to the Registrar of Companies. Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed scheme of Amalgamation with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.

The information contained in this report is selective and is subject to updating, expansions, revisions and amendment, if any. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent. Recipients are advised to independently conduct their own investigation and analysis of the business of the Companies.

The report has been prepared solely for the purpose of giving a fairness opinion on Valuation Certificate issued for the proposed Scheme of Amalgamation between E(I)L and WIL their respective shareholders, and may not be applicable or referred to or quoted in any other context.

Our opinion is dependent on the information provided to us being complete and accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us.



The scope of our assignment does not involve performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information used during the course of our work. As such we have not performed any audit, review or examinations of any of the historical or prospective information used and, therefore, do not express any opinion with regard to the same. In addition, we do not take any responsibility for any changes in the information used for any reason, which may occur subsequent to this date.

One should note that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. Moreover, in this case where the shares of the company are being issued as consideration to the shareholders of E(I)L and WIL. It is not the absolute valuation that is important for framing an opinion but the relative valuation of the company vis-a-vis shares of WIL.

We have assumed that the Final Scheme will not differ in any material respect from the Draft Scheme Document shared with us.

Our opinion is based on the estimates of future financial performance as projected by the management / valuer, which represents their view of reasonable expectation at the point of time when they were prepared, but such information and estimates are not offered as assurances that the particular level of income or profit will be achieved or events will occur as predicted. Actual results achieved during the period covered by the prospective financial statements may vary from those contained in the statement and the variation may be material. The fact that we have considered the projections as projected by the management / valuer for their working purposes, should not be construed or taken as our being associated with or a party to such projections.

We do not express any opinion as to any tax or other consequences that might arise from the Scheme on E(I)L and WIL and their respective shareholders, nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the respective companies have obtained such advice as they deemed necessary from qualified professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, government investigation or other contingent liabilities to which E(I)L and WIL and/or their associates/ subsidiaries, are or may be party.

The company has been provided with an opportunity to review the Draft Opinion as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Final Opinion. Our Opinion in not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme or any matter thereto.



Our Fairness Opinion:

Based upon valuation work carried out by Bhavesh M Rathod, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2019/10708 (referred to as 'Valuer') we are of the opinion that the purpose of the proposed merger by absorption of E(I)L and WIL is fair, from a financial point of view.

The fairness of the Proposed Merger is tested by:

- (1) Considering whether the Valuation methods adopted by Bhavesh M Rathod, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2019/10708 (referred to as 'Valuer') depict a correct picture on the value of shares of all companies;
- (2) Calculating the fair market value of companies;
- (3) Considering qualitative factors such as economies of scale of operations, synergy benefits that may result from the proposed Merger of E(I)L and WIL.

The rationale for Share Exchange ratio as explained above, will be issued as assumed by Bhavesh M Rathod, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2019/10708 (referred to as 'Valuer') is justified.

We are in opinion that, Bhavesh M Rathod, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2019/10708 (referred to as 'Valuer') is justified by taking the Fair Value of Companies, and covers each aspect of valuation.

This being of our best of professional understanding, we hereby sign the Fairness Opinion report on valuation.

For Navigant Corporate Advisors Limited



Sarthak Vijlani
Managing Director
Date: July 20, 2023
Place: Mumbai