

# FAIRNESS OPINION

# GROVY INDIA LIMITED

15<sup>th</sup> February, 2018

 **Corporate  
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Dated: 15.02.2018

SEBI Reg. No: INM000011435

To,

The Board of Directors

GROVY INDIA LIMITED

AND

ANKUR BUILDTECH PRIVATE LIMITED

AND

GANESH CONTRACTORS & COLONISERS PRIVATE LIMITED

AND

GANESH PROMOTERS PRIVATE LIMITED

**Subject: Fairness Opinion on the valuation report undertaken by "Sanjeev Jagdish Chand & Associates, Chartered Accountant" dated 14.02.2018 in the proposed Scheme of Arrangement for Merger of Ankur Buildtech Private Limited, Ganesh Contractors & Colonisers Private Limited & Ganesh Promoters Private Limited with Grovy India Limited.**

Dear Sir,

We refer to the request made by the management of **M/s Grovy India Limited** (hereinafter referred to as "GIL" / "Transferee Company") for the purpose of arriving at an opinion on the Valuation of Equity shares dated 14.02.2018, carried by **M/s SANJEEV JAGDISH CHAND & ASSOCIATES, Chartered Accountants** (here-in-after referred as "Valuer") in respect of the proposed Merger of "ABPL", "GCCPL" and "GPPL" with "GIL" w.e.f. the Appointed date i.e. 1st April, 2018 pursuant to a Scheme of Arrangement for Merger to be sanctioned by the Hon'ble High Court of relevant jurisdiction under Section 230 read with Section 232 of the Companies Act, 2013.

In terms of our assigned engagement, we are enclosing our opinion along with this letter. Please note that this is just an opinion on the captioned subject on the basis of the documents submitted to us and does not constitute our independent Valuation Analysis. All comments as contained herein must be read in conjunction with the Caveats to this opinion.

The opinion is confidential and has been prepared exclusively for the management of the Transferor Company and Transferee Company. 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 circumstance at the time. We are however aware that the conclusion in this report may





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be used for the purpose of certain statutory disclosures and we provide consent for the same. Please feel free to contact us in case you require any additional information or clarifications.

Yours Faithfully,

For Corporate Professionals Capital Private Limited

Chander Sawhney

[Partner & Head-Valuations]





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## CONTEXT AND BACKGROUND

1. **M/s Grovy India Limited** (Transferee Company) is a public company having shares listed at BSE Limited (BSE) and its shares are frequently traded shares. Now, pursuant to a Scheme of Arrangement for Merger, **M/s Ankur Buildtech Private Limited; Ganesh Contractors & Colonisers Private Limited; Ganesh Promoters Private Limited** (Transferor Companies) are proposed to be merged into **Grovy India Limited** pursuant to Section 230 read with Section 232 of the Companies Act, 2013
2. The Valuation and Swap Ratio for the proposed Amalgamation has been determined by, **M/S SANJEEV JAGDISH CHAND & ASSOCIATES, Chartered Accountants** vide their Valuation Report dated 14<sup>th</sup> February, 2018.
3. The opinion expressed here 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 Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017, the Listed Company shall submit the "Fairness Opinion" obtained by a Merchant Banker on the Valuation of assets / shares done by the Valuer for the listed entity and unlisted company.
4. With reference to the above, we, **Corporate Professionals Capital Private Limited, a SEBI Registered Merchant Banker**, have been appointed by the Transferee, to provide the "Fairness Opinion" on the same.





## BRIEF ABOUT COMPANIES

1. **GROVY INDIA LIMITED (herein after referred to as 'GIL' or 'Transferee Company')**, bearing CIN L74130DL1985PLC021532 is a widely held listed company, incorporated on 23rd July, 1985. The registered office of the company is at 122, First Floor, Vinobapuri Lajpat Nagar Part – II, New Delhi – 110024, India. The shares of the Company is listed at Nation Wide Stock Exchange i.e. BSE Limited ("BSE"). The Company is engaged in the Business of Real estate and construction of residential spaces.
2. **ANKUR BUILDTECH PRIVATE LIMITED (herein after referred to as 'ABPL' or 'Transferor Company-1')**, bearing CIN U45201DL2004PTC125558 is an unlisted company originally incorporated on 1<sup>st</sup> April, 2004 under the provisions of Companies Act, 1956. The registered office of the Company is situated at D-68, Hauz Khas New Delhi – 110016. The Transferor Company- 1, is engaged in the business of land building, farms, and other immovable properties, property and real estate agents, brokers, dealers, colonizers, design, consultants and maintenance contracts etc.
3. **GANESH CONTRACTORS AND COLONISERS PRIVATE LIMITED (herein after referred to as 'GCCPL' or "Transferor Company -2")**, bearing CIN U74899DL1995PTC066377 was incorporated on 15<sup>th</sup> March, 1995 under the provisions of Companies Act, 1956. The registered office of the Company is situated at D-68, Hauz Khas New Delhi – 110016. The Transferor Company-2 is engaged in business of owner, builders, colonizers developers, promoters, proprietor, occupations, lessor, lessees and contractors, maintenance and mortgages of property of every description including residential, commercial Industrial building and/or Colonisers, etc.
4. **GANESH PROMOTERS PRIVATE LIMITED (herein after referred to as 'GPPL' or "Transferor Company - 3")**, bearing CIN U74899DL1993PTC054865 was incorporated on 17<sup>th</sup> August, 1993 under the provisions of Companies Act, 1956. The registered office of the Company is situated at 131 Moti Bazar, Chandni Chowk New Delhi - 110006 India. The Transferor Company-3 is engaged in business of real estate business, holding property consisting in any land superstructure or only superstructure deals in building materials within India or outside India.





## KEY FACTS & CERTAIN EXTRACTS OF THE SCHEME

As per Part C of Scheme: Rationale for the Scheme of Arrangement, the Transferor Companies and Transferee Company are engaged in similar nature of business hence, the amalgamation of the Ankur Builldtech Private Limited (Transferor Company -1), Ganesh Contractors and Colonizers Private Limited (Transferor Company-2), and Ganesh Promoters Private Limited (Transferor Company-3) with the Grovy India Limited (Transferee Company) will strengthen the balance sheet of the Transferee Company and shall create a larger and stronger entity, which will have better resources for business growth and expansion. The scheme of arrangement shall provide a running and profitable business to the Transferee Company which has growth potential and shall also provide the shareholders of Transferor Companies liquidity through listing and hence there is significant synergy for consolidation of the all the entities.

Further This Scheme of Arrangement for Amalgamation of the Transferor Companies with the Transferee Company would result, inter-alia, in the following additional benefits to their respective members:

- i. Optimum and efficient utilization of capital, resources, assets and facilities;
- ii. Enhancement of competitive strengths including financial resources;
- iii. Consolidation of businesses and enhancement of economic value addition and shareholder value;
- iv. Obtaining synergy benefits;
- v. Better management and focus on growing the businesses.
- vi. The amalgamation would result in reduction of overheads, administrative, managerial and other expenditure and bring about operational rationalization, efficiency and optimum utilization of various resources.
- vii. A larger growing company will mean enhanced financial and growth prospects for the people and organization connected therewith, and will be in public interest. The amalgamation will conducive for better and more efficient and economical control over the business and financial conduct of the Companies.



**VALUER ANALYSIS**

To determine the exchange ratio between "ABPL" and "GIL"; "GCCPL" and "GIL" and "GPPL" and "GIL" the Valuer has specifically relied upon the following documents

- a. Management Certified Balance Sheet as on 30th September, 2017.
- b. Draft Scheme of Amalgamation.

**VALUER APPROACHES TO VALUATION**
**ADJUSTED BOOK VALUE APPROACH:-**

Adjusted Book Value Methodology is distinguished from Book Value Methodology as it involves a determination of fair market value of assets and liabilities on a basis of going concern.

**1. GROVY INDIA LIMITED' or 'GIL'**

The Company is a widely held listed company. The shares of the Company is listed at Nation Wide Stock Exchange i.e. BSE Limited ("BSE"). The Company is engaged in the Business of Real estate and construction. After looking into the business model, the valuer has carried the Valuation as per Market Value Methodology and Adjusted Book Value Methodology

Valuation based on Adjusted Book Value Methodology - Grovy India Limited as on 30.09.2017	
Particulars	Amount in INR Millions
Share Capital	14.00
Reserves and Surplus	17.82
Appreciation or (Diminution) in the Value of Investment (Post suitable adjustments)#	7.07
<b>Net Asset Value</b>	<b>38.89</b>

**# Notes:**

- Management of the GIL has represented to the valuer that the property of the Company at Haridwar and Safdurjang Enclave Delhi is latest purchase of the Company, accordingly their book value may be taken as their Fair Value. Further the Management of the GIL has also represented to the valuer that the property of the Company at Hauz Khas Delhi has fair value of INR 7.37 Million.
- The Company also holds investment in Procter & Gamble Hygiene & Health Care Limited, Uniphos Enterprises Limited and JM Floater Long Term Fund Growth Option. Fair Market Value of all these investments have been calculated based upon market price as on 14th Feb. 2018.





**Valuation of GROVY INDIA LIMITED as per Market Value Methodology:**

The shares of the Company are frequently traded on BSE as on 14.02.2018, therefore the valuer has valued the Company as per SEBI (ICDR) Regulation, 2009 Refer Regulation 76 and SEBI circular CFD/DIL3/CIR/2017/26 dated 23rd March, 2017.

Valuation based on Market Value Methodology - Grovy India Limited as on 14.02.2018	
Particulars	INR
Average of 26 weeks price....(A)	29.26
Average of 2 weeks price....(B)	-
Maximum of (A) or (B)	29.26
No. of Equity Shares as on 30.09.2017	1,400,000
<b>Equity Value (INR Millions)</b>	<b>40.96</b>

**Notes:**

- As the BOD of the Company has approved the scheme of arrangement for amalgamations between companies involved as on 15th Feb. 2018. Accordingly the valuer has undertaken valuations as per SEBI (ICDR) Regulation, 2009 Refer Regulation 76 and SEBI circular CFD/DIL3/CIR/2017/26 dated 23rd March, 2017 considered market price of the Company for 26 weeks and 2 weeks back from 14th Feb. 2018. Average two weeks price not available as trading has not taken place on these days.

Valuer has not applied the Income Approach as the company is a listed company and the management of the company has not provided the future projections based on confidentiality.

**2. ANKUR BUILDTECH PRIVATE LIMITED or 'ABPL'**

The Company is engaged in the business of land building, farms, and other immovable properties, property and real estate agents, brokers, dealers, colonizers, design, consultants and maintenance contracts etc. After looking into the business model, the valuer has carried the Valuation as per Adjusted Book Value Methodology.

Valuation based on Adjusted Book Value Methodology - Ankur Buildtech Private Limited as on 30.09.2017	
Particulars	Amount in INR Millions
Share Capital	1.00
Reserves and Surplus	1.07
Appreciation or (Diminution) in the Value of Investment (Post suitable adjustments)	0.04
<b>Net Asset Value</b>	<b>2.11</b>
No. of Equity Shares as on 30.09.2017	10,000
<b>Value Per Share (INR)</b>	<b>211.34</b>



**3. GANESH CONTRACTORS AND COLONISERS PRIVATE LIMITED or 'GCCPL'**

The Company is engaged in business of owner, builders, colonizers developers, promoters, proprietor, occupations, lessor, lessees and contractors, maintenance and mortgages of property. After looking into the business model, the valuer has carried the Valuation as per Adjusted Book Value Methodology.

Valuation based on Adjusted Book Value Methodology - Ganesh Contractors And Colonisers Private Limited as on 30.09.2017	
Particulars	Amount in INR Millions
Share Capital	20.00
Reserves and Surplus	15.53
Appreciation or (Diminution) in the Value of Investment (Post suitable adjustments)	0.10
<b>Net Asset Value</b>	<b>35.63</b>
No. of Equity Shares as on 30.09.2017	2,000,000
<b>Value Per Share (INR)</b>	<b>17.81</b>

**4. GANESH PROMOTERS PRIVATE LIMITED or 'GPPL'**

The Company is engaged into Real Estate Business. After looking into the business model, the valuer has carried the Valuation as per Adjusted Book Value Methodology.

Valuation based on Adjusted Book Value Methodology - Ganesh Promoters Private Limited as on 30.09.2017	
Particulars	Amount in INR Millions
Share Capital	18.00
Reserves and Surplus	17.39
Appreciation or (Diminution) in the Value of Investment (Post suitable adjustments)	0.12
<b>Net Asset Value</b>	<b>35.51</b>
No. of Equity Shares as on 30.09.2017	1,800,000
<b>Value Per Share (INR)</b>	<b>19.73</b>



## CONCLUSION & OPINION

In case of a merger valuation, 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. In the instant case, the valuer has considered all three valuation approaches and have also given reasons for selection or rejection of particular approaches.

On the basis of above analysis the share exchange ratio has been arrived at by the valuer 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 the shareholders of the Transferor Companies as under:

- **741 (Seven Forty One)** Equity shares of face value of Rs.10/- (Rupees Ten) each in **Grovya India Limited** for every **100 (One Hundred)** Equity shares of face value of Rs.100/- (Rupee One Hundred) each of **Ankur Buildtech Private Limited**.
- **62 (Sixty Two)** Equity shares of face value of Rs.10/- (Rupees Ten) each in **Grovya India Limited** for every **100 (One Hundred)** Equity shares of face value of Rs.10/- (Rupee Ten) each of **Ganesh Contractors & Colonisers Private Limited**.
- **69 (Sixty Nine)** Equity shares of face value of Rs.10/- (Rupees Ten) each in **Grovya India Limited** for every **100 (One Hundred)** Equity shares of face value of Rs.10/- (Rupee Ten) each of **Ganesh Promoters Private Limited**.

The valuation summary workings as required by BSE & NSE vide their circulars no LIST/COMP/02/2017-18 dated May 29, 2017 and NSE/CML/2017/12 dated June 01, 2017 respectively are as under –

Valuation Approach	Grovya India Limited		Ankur Buildtech Private Limited #		Ganesh Contractors & Colonisers Private Limited #		Ganesh Promoters Private Limited #	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach#	27.78	1.00	211.34	1.00	17.81	1.00	19.73	1.00
Income Approach	-	-	-	-	-	-	-	-
Market Approach##	29.26	1.00	-	-	-	-	-	-
Relative Value per Share (INR)	28.52		211.34		17.81		19.73	
Exchange Ratio per share (Rounded off)	1		7.41		0.62		0.69	
Exchange Ratio per 100 shares (Rounded off)	100		741		62		69	





# **Note:** The valuer has considered the asset base of ABPL, GCCPL, GPPL and GIL as they dominate the earning capacity of these companies. Therefore in case of ABPL, GCCPL and GPPL, the valuer has given 100% weight to Asset Approach after considering appreciation in the value of investment made by these companies.

## However in case of GIL, in accordance with SEBI Circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017, the valuer has also carried the Valuation as per Market Value Methodology as per SEBI (ICDR) Regulation, 2009 and given equal weightage to both the above mentioned methods while calculating the value of 'GIL'.



**CAVEATS**

- We wish to emphasize that; we have relied on explanations and information both verbal and written provided by the respective key managements, valuer and other public available information while verifying the valuation report. 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 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 Report, 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 M/s Ankur Buildtech Private Limited or M/s Ganesh Contractors & Colonisers Private Limited or Ganesh Promoter Private Limited or Grovy India Limited 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 into the proposed transaction.
- The Opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Report. This opinion is issued on the understanding that the Management / "Valuer" of M/s Ankur Buildtech Private Limited; M/s Ganesh Contractors & Colonisers Private Limited; Ganesh Promoter Private Limited and Grovy India Limited has drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of valuation as at 14<sup>th</sup> February 2018 . We have no responsibility to update this report for events and circumstances occurring after this Valuation Date.
- This Fairness Opinion of ours as a Cat-1 Merchant Banker is subject to the Caveats above as well as the Caveats of the "Valuer" mentioned in its valuation report dated 14.02.2018.
- The Fairness Opinion provided by us should not be construed as a legal opinion on the Petition to be filed u/s 230-232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.
- Our report is not, nor should it be construed as our opining or certifying the compliance of the proposed amalgamation with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed amalgamation.

