

MANISH MANWANI

Registered Valuer (Securities or Financial Assets)

IBBI Registration No.: IBBI/RV/03/2021/14113

Address: Unit No. 125, Tower B-3,
Spaze Itech Park, Sohna Road,
Sector-49, Gurugram, Haryana-122018

Mobile: +91 9911077439

Email: manwanimanish@yahoo.in

Date: August 25, 2022

The Chief General Manager
Listing Operation,
BSE Limited
20th Floor, P.J. Towers, Dalal Street,
Mumbai-400001

Dear Sir,

Sub: Application for "In-principle approval" prior to issue and allotment of 8,19,667 equity shares on preferential basis under Regulation 28(1) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

Ref: "Addendum to Valuation Report"

1. I, Manish Manwani, Independent Registered Valuer under Securities and Financial Assets Class registered with Insolvency and Bankruptcy Board of India ("IBBI") having IBBI registration number IBBI/RV/03/2021/14113, hereby certify that the minimum issue price for the proposed preferential issue of Grovy India Limited (hereinafter referred as "GROVY" or "the Company"), based on the pricing formula prescribed under Regulation 164-/ 165 read with Regulations 166A of Chapter V of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (hereinafter referred as "ICDR Regulations, 2018") been worked out at INR 60.13/- (Indian Rupees Sixty and Thirteen Paise Only) per share.

The relevant date for the purpose of said minimum issue price was August 10, 2022.

2. We hereby certify that the Articles of Association of the issuer does not provide for a method of determination which results in a floor price higher than that determined under ICDR Regulations, 2018.

OR

~~We hereby certify that the Articles of Association of the issuer provides for a method of determination which results in a floor price higher than that determined under ICDR Regulations, 2018 then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue. Accordingly, We have calculated the floor price which worked out as Rs. _____.~~

3. The workings for arriving at such minimum issue price have been attached herewith.
4. As the shares of the Company are not frequently traded on the Stock Exchange within the meaning of Regulation 164(5) of Chapter V of ICDR Regulations, 2018, therefore price has been calculated as per the provisions of Regulation 165 read with Regulation 166A of ICDR Regulations, 2018.

Manish Manwani
IBBI Registered Valuer
Class: Securities or Financial Assets
IBBI Reg. No.: IBBI/RV/03/2021/14113

Place: Gurugram

VALUATION APPROACHES AND METHODOLOGIES

Valuation of a business is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be prepared to pay a substantial goodwill. This exercise may be carried out using various methodologies, the relative emphasis of each often varying with:

- whether the entity is listed on a stock exchange
- industry to which the Company belongs
- past track record of the business and the ease with which the growth rate in cash flows to perpetuity can be estimated
- Extent to which industry and comparable company information is available.

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue. These approaches can be broadly categorized as follows:

1. Asset Approach
2. Income Approach
3. Market Approach

Asset Approach

This method determines the worth of a business by the assets it possesses. It involves examining every asset held by the company, both tangible and intangible. The value of intangibles is referred to as the company's goodwill, the difference in value between the Company's hard assets and its true value.

The value arrived at under this approach is based on the financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. 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. Pursuant to accounting convention, most assets are reported on the books of the subject company at their acquisition value, net of depreciation where applicable. These values must be adjusted to fair value wherever possible. Further, the balance sheet values are to be adjusted for any contingent liabilities that are likely to materialize.

Intrinsic value is at the core of fundamental analysis since it is used in an attempt to calculate the value of the total assets of the business and then compare it with the fair value.

Income Approach

The income approaches determine fair value by dividing the benefit stream generated by the subject or target company by a discount or capitalization rate. The discount or capitalization rate converts the stream of benefits into present value. There are several different income approaches, including Capitalization of Earnings or cash flows, Discounted Future Cash Flows ("DCF"), and the Excess Earnings Method (which is a hybrid of asset and income approach of benefit stream to which it is applied). This approach of valuation quantifies the net present value of future benefits associated with ownership of the equity interest or asset. The estimated future benefits that accrue to the owner are discounted or capitalized at a rate appropriate for the risks associated with those future benefits.

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Common methods within the income approach include the capitalization of earnings (or cash flow) methodology and the discounted cash flow methodology.

Market Approach

The value of a business is determined by comparing the company's accounting ratios with another Company's of the same nature and size. This approach is used, where the value of a stock is estimated based upon its current price relative to variables considered to be significant to valuation, such as earnings, cash flow, book value, or sales of various business of the same nature. Business appraisal includes comparative transaction method and publicly traded company method. Through this, it derives a relationship between performance, revenues and selling price.

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VALUATION METHODOLOGIES USED

Income Approach

Earning Capitalization
Method

Applied

Market Approach

Comparable Company
Multiple

Applied

Asset Approach

Net Asset Value
Method

Applied

I. Profit Earning Capacity Value (PECV) Method:

Profit Earning Capacity Value is one of the traditional methods of business valuation whereby maintainable future profits are ascertained on the basis of past earnings (suitably adjusted for any changes in the key parameters) which are then capitalized at a discounting rate. We have applied PECV Method for computation of fair value as under:

Figures in INR Lakh except stated otherwise

Profit Earning Capacity Value(PECV) Calculation			
Profit Before Tax		Amount in INR in Lakh	
For the year ended:	Weight	PBT	Weighted PBT
June 30, 2022 (TTM Basis)	1.0	97.30	97.30
June 30, 2021 (TTM Basis)	1.0	137.33	137.33
June 30, 2020 (TTM Basis)	0.0	-64.31	-
Weighted Average Profit Before Tax			117.31
Less: Tax	25.17%		29.53
Weighted Average Profit After Tax			87.79
No. of Equity Shares (in Lakh)			25.14
Weighted Average Earning per share			3.49
Capitalisation Rate	11.62%		
Price Earning Capacity Value (in INR)			30.04

II. Comparable Company Analysis:

Comparable Company Analysis is a relative valuation method under this a company's value is assessed from comparisons of similar companies available in the market. We have applied Price to Earning (P/E), Price to sales (P/S) and Price to Book Value (P/B) multiples for computation of fair value which are as under:

a) Price to Earnings Multiple

Figures in INR Lakh

Earning as on June 30, 2022 (TTM Basis)	93.88
Price to Earnings Multiple	14.46
Equity Value	1,357.47

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b) Price to Sales Multiple

Figures in INR Lakh

Revenue for June 30, 2022 (TTM Basis)	2,042.28
Price to Sales Multiple	1.83
Equity Value	3,734.93

c) Price to Book Value Multiple

Figures in INR Lakh

Book Value as on March 31, 2022	1,171.04
Price to Book Value Multiple	0.82
Equity Value	965.19

Fair Value through Comparable Companies Multiple

Figures in INR Lakh

Market Approaches	Fair Value
Price to Earnings Multiple	1,357.47
Price to Sales Multiple	3,734.93
Price to Book Value Multiple	965.19
Average Value	2,019.20
No. of Shares	25.14
Fair Value through Market Approach	80.31

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III. Net Asset Value Method:

Net Asset value is computed by subtracting total outstanding liabilities from the total assets of the Company. We have applied Net Asset Value Method to compute fair value as under:

Figures in INR Lakh

BOOK VALUE CALCULATION OF GROVY INDIA LIMITED	
Particulars	March 31, 2022
Non-Current Assets:	
Property, Plant and Equipment	14.20
Other Intangible Assets	
Investment in Property	1.30
Investment in Equity Instrument	62.87
Long Term Loan & Advances	-
Other Financial Assets	-
Non-Current Tax Assets (Net)	-
Deferred Tax Assets (Net)	-
Total Non-Current Assets	78.37
Current Assets	
Inventories	1,469.05
Trade Receivables	1.02
Cash & Cash Equivalents	53.18
Other Current Assets	237.54
Total Current Assets	1,760.79
Total Assets	1,839.16
Non-Current Liabilities	
Borrowing	44.85
Long Term Provisions	-
Total Non-Current Liabilities	44.85
Current Liabilities	
Borrowings	622.15
Trade Payables	-
Short Term Provisions	-
Other Current Liabilities	1.13
Total Current Liabilities	623.28
Total Liabilities	668.12
Net Assets Value	1,171.04
No. of Equity Shares (in Lakh)	25.14
Net Asset Value Per Share	46.57

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IV. Summary:

Based on our valuation analysis of the Company, in our assessment, the fair value per equity share of the Company works out to **INR 60.13/-**.

Figure in INR, except weight %

Approaches	Method	Fair Value (Per Share)	Weight	Product
Asset Approach	Net Asset Value Method	46.57	0.3	13.97
Income Approach	PECV	30.04	0.2	6.01
Market Approach	Comparable Company Multiples	80.31	0.5	40.15
Fair Value Per equity Shares				60.13

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