

VALUATION REPORT

DETERMINATION OF SHARE SWAP RATIO

EQUITY SHARES OF SUMUKA AGRO INDUSTRIES LIMITED (“SUMUKA”) (TRANSFEREE COMPANY) TO BE ISSUED TO THE SHAREHOLDERS OF GUJJUBHAI FOODS PRIVATE LIMITED (“TRANSFEROR COMPANY”) IN EXCHANGE OF THEIR PROPORTIONAL SHAREHOLDING IN THE RESPECTIVE COMPANIES

Share Swap Ratio

To,

Date: August 14, 2023

The Board of Directors
SUMUKA AGRO INDUSTRIES LIMITED

The Board of Directors
GUJJUBHAI FOODS PRIVATE LIMITED

Subject: Recommendations of fair value of equity shares for recommending share swap ratio of **Sumuka Agro Industries Limited & Gujjubhai Foods Private Limited**

Dear Sir/ Ma'am,

We have been appointed to provide a report for recommending the Fair Exchange Ratio as on June 30, 2023 for the purpose of merger by absorption of Gujjubhai Foods Private Limited with Sumuka Agro Industries Limited

The recommendation of share swap ratio given below is as on the valuation date i.e., June 30, 2023.

Swap Ratio	
Swap Ratio	1.750
Number of shares to be issued to shareholders of Gujjubhai Foods Private Limited	1,38,13,664

Based on our analysis, upon acquisition of Gujjubhai Foods Private Limited, the shareholders of Gujjubhai Foods Private Limited would be entitled to 7 equity shares having face value of Rs. 10/- of Sumuka Agro Industries Limited for every 4 equity shares of Rs. 10/- each held in Gujjubhai Foods Private Limited. *(Kindly refer the annexures for detailed analysis.)*

For Resurgent Valuers Private Limited



Megha Mittal
Director
IBBI Membership No: **IBBI/RV-E/02/2020/125**
Date: August 14, 2023
Place: Gurgaon

Contact us:

Unit No. 903, 9th Floor, Tower C, Business Zone, Nirvana Country, Sector 50, Gurgaon – 122 018, Haryana
Valuation Report of Tutedude Private Limited

BRIEF BACKGROUND OF COMPANIES

- Gujjubhai Foods Private Limited** (Corporate Identification Number U74999KA2017PTC104241) is a Private Limited Company, incorporated on 29th June 2017 under the Companies Act, 2013, and having its registered office at No 11 , 2nd Floor, RV Road, South End Circle Metro Basavanagudi, Bangalore, Karnataka 560004. The Transferor Company is inter alia engaged in the business of foods items.
- Sumuka Agro Industries Limited** (Corporate Identification Number L74110MH1989PLC289950) is a Public Limited Company, incorporated on 26th June 1989 under the Companies Act, 1956, and having its registered office at Shop No.1&7, Gr Flr, Empress Chambers, Plot No.89A& B, Sector No. 1, Opp. NKGSB Bank, Kandivali (West), Mumbai, Maharashtra 400067. The Transferee Company is a retailer, trader and franchisor that provides a wide variety of convenient and delicious food items such as namkeens and dry fruits across India.

RATIONALE OF THE SCHEME

- Gujjubhai and Sumuka both are engaged in the business of manufacturing, buying and selling of FMCG products. Gujjubhai is engaged in business of manufacturing and sale of FMCG products. Sumuka is mainly engaged in business of manufacturing and marketing of different types of ready to cook items, nankeen and snacks, sweet and spices, selling of packaged foods online, etc.
- This Scheme will lead to consolidation of business and assets, synergy of operations and networks of both the Companies. This will help achieve better and more efficient utilization of available resources, benefits of internal economies, diversification to mitigate risks and improving organizational efficiencies.

CAPITAL STRUCTURE OF THE COMPANIES

SUMUKA AGRO INDUSTRIES LIMITED (“SUMUKA”) (TRANSFEREE COMPANY)

The share capital structure of the Transferee Company as on June 30, 2023 is as follows:

Particulars	Amount (INR)
Issued, Subscribed and Paid-up Share Capital:	
71,07,170 equity shares of INR 10/- each	7,10,71,700

GUJJUBHAI FOODS PRIVATE LIMITED (“TRANSFEROR COMPANY”)

The share capital structure of the Transferor Company as on June 30, 2023 is as follows:

Particulars	Amount (INR)
Issued, Subscribed and Paid-up Share Capital:	
78,93,523 equity shares of INR 10/- each	7,89,35,230

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CAVEATS

- Our conclusion is based on the information furnished to us being complete and accurate in all material respects.
- Provision of valuation recommendations and considerations of the issues described herein are areas of my regular corporate advisory practice. The services do not represent accounting, assurance, financial due diligence review, consulting, transfer pricing or domestic/international tax-related services that may otherwise be provided by me.
- The recommendation(s) rendered in this report only represent our recommendation(s) based upon information as at the date of this report, furnished by the Companies and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (Our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).
- The respective Managements of the Companies have indicated to me that they have understood that any omissions, inaccuracies or misstatements may materially affect my Opinion. Accordingly, We assume no responsibility for any errors in the information furnished by the Companies and their impact on the report. Also, We assume no responsibility for technical information (if any) furnished by the Companies. However, nothing has come to our attention to indicate that the information provided was materially mis-stated / incorrect or would not afford reasonable ground upon which to base the report. We do not imply and it should not be construed that I have verified any of the information provided to me, or that my inquires could have verified any matter, which a more extensive examination might disclose.
- We have no obligation to update, modify, revise or reaffirm this Opinion because of events or transactions occurring subsequent to the date of this report.
- We, by reason of performing this valuation and preparing this report, is not to be required to give expert testimony nor to be in attendance in court or at any government hearing with reference to the matters contained herein, unless prior arrangements have been made with the analyst regarding such additional engagement.
- Resurgent Valuers Private Limited will receive a fee in connection with the delivery of this Share Swap Ratio Certificate. The fee is not contingent upon the nature of the opinion provided to the company. The fee for our service is not subject to the outcome of the Proposed transaction.
- We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Company. In no event we shall be liable to any loss, damage, cost or expense arising in any way from the fraudulent acts, misrepresentations or wilful default on part of Company, their directors, employees or management. However, within the terms of the engagement letter the company is bound to indemnify us against any liability which may result from carrying out this engagement.

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ANNEXURES
Summary of Valuation as on June 30, 2023:

Valuation Approach	GujjuBhai Foods Pvt Ltd		SUMUKA AGRO INDUSTRIES LIMITED	
	Value Per Share	Weight	Value Per Share	Weight
Asset Approach	30.21	0%	15.76	0%
Market Approach	61.27	0%	126.31	50%
Income Approach	213.02	100%	117.14	50%
Relative Value Per share	213.02		121.72	
Exchange Ratio (Round off)	1.750			

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1. VALUATION OF GUJJUBHAI FOODS PRIVATE LIMITED

1.1. Discounted Cash Flow Method

Discounted Cash Flow (INR) in Lakhs	FY-24 P	FY-25 P	FY-26 P	FY-27 P	FY-28 P	Terminal Value Calculation
Year	0.75	1.75	2.75	3.75	4.75	
PAT	380.39	972.10	1,977.21	3,115.60	3,542.16	3,648.43
Add: Depreciation	42.67	108.40	153.56	246.21	268.86	268.86
Change in Working Capital	2,381.41	(189.06)	505.94	12,760.54	(3,782.28)	(1,040.27)
Capital Expenditure	(403.97)	(700.00)	(560.00)	(1,080.00)	(472.70)	(268.86)
Free Cash Flow	2,400.49	191.44	2,076.71	15,042.35	(443.96)	2,608.16
Net Debt	-	-	-	-	-	-
Free Cash Flow to Equity	2,400.49	191.44	2,076.71	15,042.35	(443.96)	2,608.16
PV of Free Cash Flow	2,083.23	137.65	1,237.06	7,423.69	(181.53)	
Current Valuation						
(A) PV of cash flow		10,700.10				14,734.50
(B) PV of Terminal Value		6,024.60				
Sum (A+B)		16,724.71				
Add: Current Cash & CE		89.94				
Fair Equity Value (INR) in Lakhs		16,814.65				

Assumptions

Calculation of Cost of Equity (Ke)	
Particulars	
Risk Free Return (Investing.com)	7.1%
Risk premium	3.6%
Company Specific Risk	10.0%
Ke	20.7%

Calculation of Risk Premium	
Expected Market Return	15.6%
Risk Free Return (Investing.com)	7.1%
Beta	0.4
Risk Premium	3.6%

Calculation of Expected Market Return	
01-Feb-99	1000
30-Jun-23	26078
Return on BSE	14.3%
Dividend Yield	1.3%
Total return (Expected Market Return)	15.6%

Key Assumptions	
Terminal Growth Rate	3%

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1.2. Company Comparable Method (CCM):

Average Net Enterprise Value (INR) in lakhs	4,746.48
Less: Value of Debt	-
Add: Cash & Cash Equivalent	89.94
Average Net Equity Value (INR) in lakhs	4,836.42

Adjusted Multiple	Revenue Multiple	EV/EBITDA Multiple	P/E
Average Industry Multiples	3.3 x	32.4 x	75.1 x
<i>Less: Discount of Illiquidity and Size</i>	20%	20%	20%
Adjusted Industry Multiple	2.7 x	25.9 x	60.1 x

Particulars	Revenue	EBITDA	P/E
Basis as on Valuation Date (INR) in lakhs	1,224	131	127
Adjusted Industry Multiples	2.7 x	25.9 x	60.1 x
Enterprise Value	3,244	3,385	7,611

Industry Multiples	Average
Revenue Multiple	3.3 x
EV/EBITDA Multiple	32.4 x
P/E	75.1 x

Particulars	Prataap Snacks	Mrs. Bectors Food Specialities	Bikaji Foods Int. Ltd
Revenue Multiple	1.1 x	3.5 x	5.3 x
EV/EBITDA Multiple	25.7 x	25.6 x	45.9 x
P/E	90.3 x	52.7 x	82.3 x

1.3. Net Asset Valuation Method (NAV):

Particulars	FY 23-24
Particulars (Amount in Lakhs)	30-Jun-23
A. Book Value of all Assets	
Tangible Assets (Net)	22.73
Inventory	793.54
Trade Receivables	1,701.74
Cash & Bank Balance	89.94
Short Term Loans and advances	0.37
Other Current Assets	2.47
Total (A)	2,610.79
B. Book Value of all Liabilities	
Trade Payable	491.57
Current Liabilities	(265.64)
Total (B)	225.93
(A-B)	2,384.86

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2. VALUATION OF SUMUKA AGRO INDUSTRIES LIMITED AS ON June 30, 2023

2.1. Discounted Cashflow Method

Discounted Cash Flow (INR) in Lakhs	FY-24 P	FY-25 P	FY-26 P	FY-27 P	FY-28 P	Terminal Value Calculation
Year	0.75	1.75	2.75	3.75	4.75	
PAT	487.01	897.56	1,147.10	1,253.45	1,233.67	1,270.68
Add: Depreciation	56.95	130.23	264.13	394.27	523.60	523.60
Other Long term net Assets	-	-	-	-	-	-
Change in Working Capital	(62.68)	(345.57)	(451.07)	(269.16)	(155.17)	(131.39)
Capital Expenditure	(490.96)	(1,465.51)	(1,473.00)	(1,690.27)	(1,801.71)	(523.60)
Free Cash Flow	(9.68)	(783.30)	(512.84)	(311.71)	(199.62)	1,139.29
Net Debt	(53.91)	-	-	-	-	-
Free Cash Flow to Equity	(63.59)	(783.30)	(512.84)	(311.71)	(199.62)	1,139.29
PV of Free Cash Flow	(59.01)	(658.25)	(390.28)	(214.81)	(124.57)	
Current Valuation						
(A) PV of cash flow			(1,446.93)			15,338.40
(B) PV of Terminal Value			9,572.21			
Sum (A+B)			8,125.28			
Add: Current Cash & CE			74.82			
Add: Fair Value of Investments			3.12			
Fair Equity Value (INR) in Lakhs			8,203.22			

Assumptions

Calculation of Cost of Equity (Ke)	
Particulars	
Risk Free Return (Investing.com)	7.1%
Risk premium	3.3%
Company Specific Risk	0.0%
Ke	10.4%

Calculation of Risk Premium	
Expected Market Return	15.6%
Risk Free Return (Investing.com)	7.1%
Beta	0.4
Risk Premium	3.3%

Calculation of Expected Market Return	
01-Feb-99	1000
30-Jun-23	26078
Return on BSE	14.3%
Dividend Yield	1.3%
Total return (Expected Market Return)	15.6%

Key Assumptions	
Terminal Growth Rate	3%

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2.2. Market Price Method:

A.	90 Days Volume Weighted Average Price preceding the relevant date	103.07
B.	10 Days Volume Weighted Average Price preceding the relevant date	126.31
Applicable Minimum Price (Higher of A & B)		126.31

Note: Relevant date for the Market Price Method is August 14, 2023 i.e., the date of Board Meeting.

2.3. Net Asset Value

Particulars	FY 23-24
Particulars (Amount in INR Lakhs)	30-Jun-23
A. Book Value of all Assets	
Tangible Assets (Net)	135.51
Deferred Tax	0.99
Inventory	348.22
Trade Recievables	1,991.12
Cash & Bank Balance	74.82
Current Investments	3.12
Short Term Loans and advances	219.05
Other Current Assets	27.40
Total (A)	2,800.23
B. Book Value of all Liabilities	
Unsecured Loans	53.91
Trade Payable	1,665.53
Short Term Borrowings	0.00
Short term Provision	-7.15
Other Current Liabilities	-32.05
Total (B)	1,680.23
(A-B)	1,120.00

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Financials of Gujjubhai Foods Private Limited

Balance Sheet	FY-23 Prov	FY-24 Prov	FY-24 P	FY-25 P	FY-26 P	FY-27 P	FY-28 P
(INR) in Lakhs	31-Mar-23	30-June-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28
Equity & Liabilities:							
Capital & Reserves							
Share Capital	718.38	789.35	789.35	4,974.56	4,974.56	4,974.56	4,974.56
Reserves and Surplus	687.28	1,595.51	1,042.38	2,014.48	3,991.69	7,107.29	10,649.45
Total Equity	1,405.67	2,384.86	1,831.73	6,989.04	8,966.25	12,081.85	15,624.01
Current Liabilities							
Trade Payables	653.03	491.57	1,329.32	2,246.44	2,489.03	18,113.86	16,319.77
Other Current Liabilities	31.33	(265.64)	-	-	-	-	-
Total	2,090.03	2,610.79	3,161.05	9,235.48	11,455.28	30,195.71	31,943.79
Assets:							
Non Current Assets							
Fixed Assets							
Tangible Assets (Net)	22.73	22.73	384.03	975.63	1,382.07	2,215.86	2,419.70
	22.73	22.73	384.03	975.63	1,382.07	2,215.86	2,419.70
Current Assets							
Inventories	74.04	793.54	53.58	153.70	232.16	492.50	2,058.26
Trade Receivables	1,910.12	1,701.74	702.03	1,708.09	1,366.27	3,970.22	4,392.65
Cash & Bank Balance	79.79	89.94	1,556.92	5,933.58	8,010.29	23,052.65	22,608.68
Short-term Loans & Advances	0.87	0.37	464.49	464.49	464.49	464.49	464.49
Other Current Assets	2.47	2.47	-	-	-	-	-
Total	2,067.30	2,588.06	2,777.02	8,259.85	10,073.21	27,979.85	29,524.08
Total	2,090.03	2,610.79	3,161.05	9,235.48	11,455.28	30,195.71	31,943.79

Profit & Loss Account	FY-23 Prov	FY-24 Prov	FY-24 P	FY-25 P	FY-26 P	FY-27 P	FY-28 P
(INR) in Lakhs	31-Mar-23	30-June-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28
Revenue from Operations	1,313.69	238.72	3,564.10	8,197.63	15,038.52	22,599.71	25,064.80
Other Income	6.86	0.09	0.09	-	-	-	-
Total Revenue	1,320.55	238.81	3,564.18	8,197.63	15,038.52	22,599.71	25,064.80
Expenses:							
Cost of goods sold	1,066.75	138.37	2,601.79	5,877.15	10,677.35	15,819.80	17,463.11
Franchisee - Live Product Cost	-	-	23.40	93.24	61.49	110.16	92.74
Indirect Overheads	111.16	76.81	178.20	409.88	751.93	1,129.99	1,253.24
Marketing	-	-	106.92	245.93	451.16	677.99	751.94
Packing Machine	-	-	71.28	163.95	300.77	451.99	501.30
EBITDA	142.64	23.63	582.58	1,407.48	2,795.83	4,409.78	5,002.47
<i>EBITDA Margin (%)</i>	<i>10.8%</i>	<i>9.9%</i>	<i>16.3%</i>	<i>17.2%</i>	<i>18.6%</i>	<i>19.5%</i>	<i>20.0%</i>
Depreciation and amortization expense	5.20	-	42.67	108.40	153.56	246.21	268.86
EBIT	137.44	23.63	539.91	1,299.07	2,642.27	4,163.58	4,733.61
<i>EBIT Margin (%)</i>	<i>10.4%</i>	<i>9.9%</i>	<i>15.1%</i>	<i>15.8%</i>	<i>17.6%</i>	<i>18.4%</i>	<i>18.9%</i>
Finance Cost	-	-	-	-	-	-	-
Profit/(loss) before tax	137.44	23.63	539.91	1,299.07	2,642.27	4,163.58	4,733.61
<i>PBT Margin (%)</i>	<i>10.4%</i>	<i>9.9%</i>	<i>15.1%</i>	<i>15.8%</i>	<i>17.6%</i>	<i>18.4%</i>	<i>18.9%</i>
Provision for Taxation							
Current Tax	-	-	135.90	326.98	665.06	1,047.97	1,191.45
Deferred Tax	-	-	-	-	-	-	-
Taxation	-	-	135.90	326.98	665.06	1,047.97	1,191.45
Profit/(loss) for the period from continuing operations	137.44	23.63	404.02	972.10	1,977.21	3,115.60	3,542.16
Profit/(Loss) for the period	137.44	23.63	404.02	972.10	1,977.21	3,115.60	3,542.16
<i>PAT Margin (%)</i>	<i>10.4%</i>	<i>9.9%</i>	<i>11.3%</i>	<i>11.9%</i>	<i>13.1%</i>	<i>13.8%</i>	<i>14.1%</i>

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Financials of Sumuka Agro Industries Limited

Balance Sheet	FY-24 Prov	FY-24 P	FY-25 P	FY-26 P	FY-27 P	FY-28 P
(INR) in Lakhs	30-June-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28
Equity & Liabilities:						
Capital & Reserves						
Share Capital	710.72	2,810.12	2,810.12	2,810.12	2,810.12	2,810.12
Reserves and Surplus	409.59	1,022.74	1,920.30	3,067.40	4,351.13	5,666.51
Total Equity	1,120.31	3,832.86	4,730.42	5,877.52	7,161.25	8,476.62
Non-Current Liabilities						
Long-term Borrowings	53.91	-	-	-	-	-
	53.91	-	-	-	-	-
Current Liabilities						
Trade Payables	1,665.53	294.33	443.61	608.66	700.35	738.97
Short-term Provisions	(7.15)	-	-	-	-	-
Other Current Liabilities	(32.05)	-	-	-	-	-
Total	1,626.33	294.33	443.61	608.66	700.35	738.97
Total	2,800.54	4,127.19	5,174.03	6,486.18	7,861.59	9,215.60
Assets:						
Non Current Assets						
Fixed Assets						
Tangible Assets (Net)	135.51	569.53	1,904.80	3,113.67	4,409.67	5,687.79
	135.51	569.53	1,904.80	3,113.67	4,409.67	5,687.79
Deferred Tax	0.99	-	-	-	-	-
	0.99	-	-	-	-	-
Current Assets						
Inventories	348.22	-	-	-	-	-
Trade Receivables	1,991.12	602.44	903.39	1,210.68	1,390.66	1,487.31
Cash & Bank Balance	74.82	2,241.19	1,457.90	945.06	663.63	545.72
Current Investments	3.43	-	-	-	-	-
Short-term Loans & Advances	219.05	714.03	907.93	1,216.76	1,397.64	1,494.78
Other Current Assets	27.40	-	-	-	-	-
Total	2,664.04	3,557.67	3,269.22	3,372.50	3,451.92	3,527.81
Total	2,800.54	4,127.19	5,174.03	6,486.18	7,861.59	9,215.60

Profit & Loss Account	FY-24 Prov	FY-24 P	FY-25 P	FY-26 P	FY-27 P	FY-28 P
(INR) in Lakhs	30-June-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28
Revenue from Operations	906.77	4,886.45	7,327.53	9,820.00	11,279.76	12,063.74
Other Income	0.00	0.00	-	-	-	-
Total Revenue	906.77	4,886.45	7,327.53	9,820.00	11,279.76	12,063.74
Expenses:						
Cost of Materials	766.68	3,581.03	5,397.27	7,405.36	8,520.87	8,990.85
Employee Benefit Expense	-	130.34	173.00	196.29	208.43	205.09
Marketing Expenses	2.48	-	-	-	-	-
Other Expense	11.47	289.54	414.12	404.08	419.73	558.82
EBITDA	126.14	885.53	1,343.14	1,814.27	2,130.74	2,308.98
<i>EBITDA Margin (%)</i>	13.9%	18.1%	18.3%	18.5%	18.9%	19.1%
Depreciation and amortization expense	-	56.95	130.23	264.13	395.97	531.45
EBIT	126.14	828.58	1,212.91	1,550.14	1,734.77	1,777.54
<i>EBIT Margin (%)</i>	13.9%	17.0%	16.6%	15.8%	15.4%	14.7%
Finance Cost	-	-	-	-	-	-
Profit/(loss) before tax	126.14	828.58	1,212.91	1,550.14	1,734.77	1,777.54
<i>PBT Margin (%)</i>	13.9%	17.0%	16.6%	15.8%	15.4%	14.7%
Provision for Taxation	-	215.43	315.36	403.04	451.04	462.16
Current Tax	-	-	-	-	-	-
Deferred Tax	-	-	-	-	-	-
Taxation	-	215.43	315.36	403.04	451.04	462.16
Profit/(loss) for the period from continuing operations	126.14	613.15	897.56	1,147.10	1,283.73	1,315.38
Profit/(Loss) for the period	126.14	613.15	897.56	1,147.10	1,283.73	1,315.38
<i>PAT Margin (%)</i>	13.9%	12.5%	12.2%	11.7%	11.4%	10.9%

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