



VALUATION REPORT

Valuation report for determining fair value of equity shares of Foods & Inns Limited

Abstract

The purpose of this Valuation Report is to render valuation to determine fair value of the equity shares of the Company pursuant to prospective investment in the Company.

CA Hitendra Ranka [FCA, RV (IBBI) - S&FA, DISA (ICAI), B.Com]

CA Hitendra Ranka

IBBI Registered Valuer

Asset Class: Securities or Financial Assets

Reg. No.: IBBI/RV/06/2019/11695

Strictly private and confidential

Dated: November 13, 2022

To,

The Board of Directors,

Foods & Inns Limited

Address:

3rd Floor, Hamilton House,
8, JN Heredia Rd,
Ballard Estate, Fort,
Mumbai, Maharashtra 400 001.

Dear Sir(s) / Madam(s),

Sub: Valuation to determine the fair value of equity shares of the Company

I, Hitendra Ranka (“**Valuer**” or “**I**” or “**me**”), have been appointed vide engagement letter dated November 8, 2022, to recommend fair value of the equity shares of Foods & Inns Limited (“**FII**” or the “**Company**”) pursuant to proposed investment in the Company.

I am pleased to present herewith my report on the same. For the purpose of arriving at the valuation of the Company and its equity shares, I have considered the valuation base as ‘Fair Value’ and the premise of value is ‘Going Concern Value’. Any change in the valuation base, or the premise could have significant impact on my valuation exercise, and therefore, this report.

The threshold date for all the financial information used in the present valuation exercise has been considered as at September 30, 2022 and the market parameters have been considered up to November 13, 2022.

I believe that my analysis must be considered as a whole. Selecting portions of my analysis or the factors I considered, without considering all factors and analysis together could create a misleading view of the

process underlying the valuation conclusions. The preparation of a valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

This letter should be read in conjunction with the attached report.

Thanking you,

Yours Faithfully,

Hitendra Ranka

Registered Valuer

Asset Class: Securities or Financial Assets

Registration No. IBBI/RV/06/2019/11695

Place: Ahmedabad

Date: 13 November 2022

UDIN:

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1. CONTEXT AND PURPOSE

I refer to the engagement letter dated November 8, 2022, whereby I, Hitendra Ranka (“Valuer” or “I” or “me”), have been appointed by Foods & Inns Limited (“FI” or the “Company”) to render its equity valuation pursuant to the prospective investment in the Company.

The Final Valuation Report / Certificate of Valuation (“Valuation Report” or “Report”) so provided to the directors of the Company shall be used for determining the fair value per equity shares at which further issue of equity shares be made as required under the provisions of Section 62(1)(c) of Companies Act, 2013.

2. BACKGROUND OF THE COMPANY

Foods and Inns Ltd. vide its CIN #L55200MH1967PLC013837 is a company registered under the provisions of Companies Act, 1956 and is listed on both National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The company has its registered office in Mumbai and has 7 owned factories and 1 leased factory. FNI belongs to the Food Processing sector and is engaged in processing fruit & vegetable pulp, concentrates, frozen food and has a subsidiary manufacturing spice named ‘Kusum Spices’. The company intends to get into manufacturing of Pectin and expand its footprint in the B2C segment through its own brands – Kusum, Greentop and Madhu. The company has been selected under the Production Linked Scheme (PLIS) of the Government of India and is expected to receive incentives of up to Rs. 1480 millions if it fulfills the conditions of Investment of Rs.780 millions by March 2023 and grows its sales by a CAGR of 10% over the base year FY20.

3. CAPITAL STRUCTURE & SHAREHOLDING PATTERN

The issued and subscribed equity share capital of FI as at September 30, 2022 is as under:

Share capital	INR Mn
Authorized	
-19,00,00,000 Equity Shares of Rs. 1/- each	190.00
Total	190.00
Issued, Subscribed and Paid-up Capital	
- 5,03,38,260 Equity shares of Rs.1 each, fully paid up	50.34
Total	50.34

The aforesaid equity share capital is held as follows as on 30th September 2022:

Sr. No.	Shareholder	No. of equity shares	Percentage
1	Promoter & Promoter Group	2,14,17,120	42.55%
2	Public	2,89,21,140	57.45%
	Total	5,03,38,260	100.00%

4. REGISTERED VALUER

I am a fellow member of The Institute of Chartered Accountants of India ('ICAI') practicing as a partner with Ranka & Associates, Chartered Accountants. I am also registered with the Insolvency and Bankruptcy Board of India ('IBBI'), as a Registered Valuer for asset class – 'Securities or Financial Assets' with registration no. IBBI/RV/06/2019/11695.

5. CONDITIONS, MAJOR ASSUMPTIONS, EXCLUSIONS AND LIMITATIONS

- 5.1 I have not audited, reviewed, or compiled the financial statements of the Company and express no assurance on them. I acknowledge that I have no present or contemplated financial interest in the Company. My fee for this valuation is based upon normal billing rates, and not contingent upon the results or the value of the business or in any other manner. I have no responsibility to modify this report for events and circumstances occurring subsequent to the date of this report.
- 5.2 I have, however, used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this report. The valuation analyst, 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 valuation professional regarding such additional engagement.
- 5.3 This report, its contents, and analysis herein are specific to i) the purpose of valuation agreed as per the terms of my engagement, ii) the report date and iii) are based on the Audited Financial Statements for FY17 to FY22 as well as Consolidated Financial Projections from October 1, 2022 to March 31, 2026.
- 5.4 The management of the Company have represented that the business activities of the Company have been carried out in the normal course between September 30, 2022, and the Report date and that no material changes have occurred in its operations and financial position between September 30, 2022, and the Report date.
- 5.5 This report and the information contained herein are absolutely confidential and are intended for the use of management and representatives of the Company for providing selected information and only in connection with purpose mentioned above or for sharing with Shareholders, Registrar of Companies, and office of other regulatory or statutory authorities. It should not be copied, disclosed, circulated, quoted or referred to either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued without my written consent. In the event, the Company or its management or its representatives intend to extend the use of this report beyond the purpose mentioned earlier in this report, with or without my consent, I will not accept any responsibility to any other party to whom this report may be shown or who may acquire a copy of the report.

- 5.6 I have not attempted to confirm whether all assets of the business of the company are free and clear of liens and encumbrances, or that the owner has good title to all the assets. I have also assumed that the business of the Company will be operated prudently and that there are no unforeseen adverse changes in economic conditions affecting the business, the market, or the industry.
- 5.7 I have been informed by management of Company that there is no environmental or toxic contamination problems, any significant lawsuits, or any other undisclosed contingent liabilities which may potentially affect the business of company, except as may be disclosed elsewhere in this report. I have assumed that no costs or expenses will be incurred in connection with such liabilities, if any.
- 5.8 This report is based on the information received from the sources mentioned herein and discussions with the representatives of the Company. I have assumed that no information has been withheld that could have influenced the purpose of my report.
- 5.9 The fair value of equity shares of FI expressed in this report pursuant to its valuation is based on the Going Concern assumption.

6. VALUATION DATE

The threshold date for all the financial information used in the present valuation exercise has been considered as at September 30, 2022 and the market parameters have been considered up to November 13, 2022.

7. PREMISE OF VALUE

The premise of Value is “as a going concern”.

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8. SOURCES OF INFORMATION

For the purpose of the report, following documents, and/or information published or provided by the management and representatives of the Company have been relied upon:

From the Management

- a. Brief history & brief note on the business profile of the Company.
- b. Audited Financial Statements of the Company from FY17 to FY22.
- c. Consolidated Financial Projections starting from October 1, 2022 to March 31, 2026 of the Company.
- d. Capital structure and Shareholding pattern as of September 30, 2022, of the Company.
- e. List of Listed Comparable Companies.
- f. Audited Financial Statements of investee entities viz. Beyond Mango Private Limited, Tri Global Foods Private Limited and Kusum Spices for the year ended on March 31, 2022.
- g. Market Value of Quoted investments.
- h. Discussion with the management and representatives of the Company including necessary information, explanations and representations provided by the management and representatives of the Company.
- i. Management representation letter dated November 13, 2022.

From publicly available sources

- j. Risk free rate (“**Rf**”) for the purpose of computation of cost of equity – (www.tradeeconomics.com).
- k. Market return (“**Rm**”) for the purpose of computation of cost of equity – BSE website.
- l. Unlevered beta as per Aswath Damodaran data sets for Food Processing Industry (<http://pages.stern.nyu.edu/~adamodar>).
- m. Comparable Companies data – BSE as well as Screener.in

9. VALUATION STANDARDS

The Report has been prepared in compliance with the Valuation standards adopted by ICAI Registered Valuers Organisation as well as International Valuation Standards issued by International Valuation Standards Council ('IVS').

10. PROCEDURES ADOPTED

In connection with this exercise, I have adopted the following procedures to carry out the valuation of the Company:

- 10.1 Requested and received information as stated in Sources of Information section in this Report.
- 10.2 Obtained data available in public domain.
- 10.3 Undertook industry and market analysis such as researching publicly available market data including economic factors and industry trends that may impact the valuation.
- 10.4 Discussion (Physical/over call) with the management and representatives of the Company to understand relevant aspects that may impact the valuation.
- 10.5 Sought various clarifications from the management and representatives of the Company based on my review of information shared and my analysis.
- 10.6 Selection of valuation methodology/(ies) as per Valuation Standards adopted by ICAI Registered Valuers Organisation as well International Valuation Standards accepted by IVS.
- 10.7 Determined the fair value of equity shares of FI. based on the selected methodology/ies.

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11. VALUATION METHODOLOGY AND APPROACH

11.1 The standard of value used in the Analysis is “Fair Value”, which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay and a seller could reasonably be expected to accept, if the business were exposed for sale in the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

11.2 Valuation of a business is not an exact science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuer and judgement taking into accounts all the relevant factors. There is, therefore, no indisputable single value. While I have provided my recommendation of the fair value per equity shares pursuant to the prospective investment in the Company based on the financial and other information available to me and within the scope and constraints of my engagement, others may have a different opinion. The final responsibility for determination of the fair value per equity shares is of the management of the Company who takes into account other factors such as their own assessment of the company and input of other advisors.

11.3 The valuation exercise involves selecting methods suitable for the purpose of valuation, by exercise of judgment by the Valuers, based on the facts and circumstances as applicable to the business of the Company to be valued. There are several commonly used and accepted methods for determining the fair value of equity and consequently equity shares which have been considered in the present case, to the extent relevant and applicable, including:

11.4 Cost Approach:

Cost approach focuses on the net worth or net assets of a business.

(A) Net Asset Value (NAV) method

The Net Assets Value (NAV) method, widely used under the Cost approach, considers the assets and liabilities as stated at their book values. The net assets, after reducing the dues to the preference shareholders, and contingent liabilities, if any, represent the value of the Company to the equity Shareholders. This valuation approach is mainly used in case where the assets base dominates earnings capability or in case where the valuing entity is a holding Company deriving significant value from its assets and investments.

(B) Adjusted Net Asset Value Method (“Adjusted NAV”)

Adjusted NAV method is a version of NAV method wherein assets and liabilities are considered at their realizable (market) value including intangible assets and contingent liabilities, if any, which are not stated in the Statement of Assets and Liabilities. Under this method, adjustments are made to the company’s historical balance sheet in order to present each asset and liability item at its respective fair market value. The difference between the total fair market value of the adjusted assets and the total fair market value of the adjusted liabilities is used to value a company.

The value arrived at under this approach is based on the financial statements of the business and may be defined as Net-worth or Net Assets owned by the business.

This valuation approach is mainly used in case where the Company is to be liquidated i.e., it does not meet the “going concern” criteria or in case where the assets base dominates earnings capability. The Asset Approach is generally considered to yield the minimum benchmark of value for an operating enterprise.

11.5 **Market Approach:**

(a) Market Price Method

The market price of an equity shares as quoted on a stock exchange is normally considered as the value of the equity shares of that Company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of shares.

(b) Comparable Companies Market Multiple (CCMM) 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 is 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. This valuation is based on the principle that market transactions taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for exceptions and circumstances. Generally used multiples are EV/EBITDA, EV/Sales, Market Capitalization/Sales, Market Capitalization /PAT (PE multiple), Price to Book (P/B).

To arrive at the total value available to the stakeholders, the value arrived under CCMM method if calculated by EV/EBITDA or EV/Sales is adjusted for debt, (net of cash and cash equivalents), surplus non-operating investments and contingent liabilities. Value arrived under the PE multiple is adjusted only for surplus non-operating investments and contingent liabilities. (No debt adjustments required)

(c) Comparable Companies Transactions Multiple (CTM) Method

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations in comparable companies, as manifest through transaction valuations.

Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

11.6 **Income Approach:**

The income approach is appropriate for estimating the value of a specific income / cash flows stream with consideration given to the risk inherent in that stream. The most common method under this approach is discounted cash flow method.

Maintainable Profit Method (Discounted Cash Flows – “DCF”)

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

Terminal Value

The terminal value refers to the present value of the business as a going concern beyond the period of projections up to infinity. This value is estimated by taking into account expected growth rates of the business in future, sustainable capital investments required for the business as well as the estimated growth rate of the industry and economy.

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12. VALUATION OF COMPANY

ANALYSIS UNDER ADJUSTED NAV METHOD

- 12.1 Based on the information and explanations received from management of the Company, I understand that the value of the Company is to be determined on the assumption of going concern and an actual realization of the operating assets is not contemplated. In a going concern scenario, the relative earning power, as reflected under the Income and Market approaches, is of greater importance, with the values arrived at on net asset basis being of limited relevance. Accordingly, I have not adopted NAV / Adjusted NAV method under Cost Approach for valuation of the FI.
- 12.2 Further, as informed to me, there are no exact comparable companies' transactions for FI of same specifications, features and financial data etc. and hence I have not adopted CTM method under Market Approach for its valuation.

MARKET PRICE METHOD

- 12.3 Since the Company is listed on both the Stock Exchanges of NSE and BSE in India for a number of years and is frequently traded; the Market price method with historical multiples under **market approach is adopted and given maximum weightage in my valuation analysis**. The Median of Volume Weighted Average Price (“VWAP”) of the Company in BSE has been considered from FY17 to FY22 and the historical median trading multiples of Mcap/Sales, EV/Sales, EV/EBITDA, P/E, P/B have been considered to calculate the expected price based on FY23 expected Sales, EBITDA and PAT. The necessary adjustments have been made for corporate action of Split and Bonus issue of equity shares.

Kindly refer Annexure - A for the underlying workings as per Market Price method.

DCF METHOD

- 12.4 DCF method under Income Approach has also been considered for valuation of Company since its value lies in the future potentials from its business. I have given second highest weight to this method for valuation of FI.

In this approach the valuation would primarily be based on the present value of future cash flows by discounting such future cash flows using an appropriate rate of discounting. Broad steps followed to derive the value under this approach are described as under:

- I have considered the Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) of Company from October 1, 2022 to March 31, 2026 as received from the management of the Company.
- I have made adjustments in relation to Depreciation, Incremental Working Capital and Incremental Capital Expenditure so as to arrive at the Free cash flows available to firm (“FCFF”) in the respective future years.
- The value beyond the explicit forecast period is considered to get the Equity Value on a going concern basis. Growth rate of 3% p.a. is considered in Terminal Value.

- FCFE for explicit forecast period and the terminal value are discounted using the Weighted Average Cost of Capital (“WACC”) as the discounting factor to arrive at their Net Present Value (“NPV”) as at the Valuation date.
- The aggregate of such NPV of FCFE and Terminal Value is the Discounted Free Cash Flows as at the Valuation date.
- The Enterprise Value so arrived at above has been decreased by Total Debt as at the valuation date to arrive at the Equity Value attributable to the Equity Shareholders of the Company.
- The Equity value obtained as per above is then increased by surplus assets which comprises of non-operating assets including inter-alia, investments, loans and advances, security / inter-corporate deposits, cash and bank balances.
- Revised Equity Value as computed above has been then divided by total number of Equity Shares of FI as on the Valuation date i.e. November 13, 2022 to arrive at the Value per Equity Share.

Kindly refer Annexure – B for the valuation of FI as per DCF Method.

CCMM METHOD

- 12.5 Under the Comparable Companies Market Multiple method (CCMM), based on information and explanations received from management of company as well as based on my analysis of Company’s business and operations, it is identified that there are few listed comparable companies. Thereafter, I have selected multiple based on business composition, business description, etc. I have considered EV/EBITDA and EV/Revenue multiple of the comparable listed companies. The Enterprise value so arrived is then decreased for Net Debt and increased by Surplus assets (same as done in DCF method) as at valuation date to arrive at Equity value of the company. The Equity value so arrived is then divided by total number of equity shares for arriving at the value per equity share of FI under CCMM method. As informed to me by management of the Company and basis my analysis on the business and operations of comparable companies, I understand that comparable companies are not exactly same considering parameters including inter-alia financial and other vis-à-vis FI. Accordingly, I have assigned least weight to the price arrived by this method in my overall analysis of FI.

Kindly refer Annexure – C for the valuation of FI as per CCMM Method.

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13. CAVEATS

- 13.1 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.
- 13.2 My review of the affairs of the Company and its books and account does not constitute an audit in accordance with Auditing Standards. I have relied on explanations and information provided by the Management and representatives of the Company and accepted the information provided to me as accurate and complete in all respects. Although, I have reviewed such data for consistency and reasonableness, I have not independently investigated or otherwise verified the data provided. Nothing has come to my attention to indicate that the information provided had material misstatements or would not afford reasonable grounds upon which to base the Report.
- 13.3 The report is based on the details and information provided to me by the Management and representatives of the Company and thus the responsibility for the assumptions on which they are based is solely that of the Management of the Company and I do not provide any confirmation or assurance on these assumptions. Similarly, I have relied on data from external resources. These sources are considered to be reliable and therefore, I assume no liability for the accuracy of the data. I have assumed that the business continues normally without any disruptions due to statutory or other external/internal occurrences.
- 13.4 The valuation worksheets prepared for the exercise are proprietary to the valuer and cannot be shared except as stated in the purpose statement of this document. Any clarifications on the workings will be provided on request, prior to finalizing the Report, as per the terms of my engagement.
- 13.5 The scope of my work has been limited both in terms of the areas of the business and operations which I have reviewed and the extent to which I have reviewed them.
- 13.6 The Valuation Analysis contained herein represents the fair value of equity shares of the Company only on the date that is specifically stated in this Report. This Report is issued on the understanding that the Management of the Company has drawn my attention to all matters of which they are aware, which may have an impact on my Report up to the date of signature. I have no responsibility to update this Report for events and circumstances occurring after the date of this Report.
- 13.7 My valuation analysis should not be construed as investment advice; specifically, I do not express any opinion on the suitability or otherwise of entering into any transaction with the Company.

14. VALUATION AND CONCLUSION

Based on the foregoing data, considerations and steps followed, I recommend fair value per equity share of FI (Face value per equity share is INR 1/- each) as **INR 94.44/- (Rupees Ninety-Four and Forty-Four Paise only)** (rounded up to two decimals). Summary of this is as per below table:

Summary of fair value of FI

Valuation approach	Value per share	Weights
Asset approach		
Adjusted NAV method	NA	NA
Market approach		
Market price method	100.2	50%
Comparable Company Market Multiple method	104.7	10%
Comparable Companies Transactions Multiple method	NA	NA
Income approach		
Discounted Cash flow method	84.6	40%
Value per Equity Share	94.44	

Notes to the above table

- NA means Not Adopted / Not Applicable.
- I have not used CTM Method for valuation of FI because exact comparable companies' transactions for FI of same specifications, features and financial data etc. are not available.
- I have not used NAV / Adjusted NAV under Cost Approach for valuation of FI since the net asset value does not reflect the intrinsic value of the business in a going concern scenario.

Respectfully submitted,

Hitendra Ranka

Registered Valuer

Asset Class: Securities or Financial Assets

Registration No. IBBI/RV/06/2019/11695

Place: Ahmedabad

Date: 13 November 2022

UDIN:

Annexure A – Valuation of FI as per Market Price Method

Valuation of Company basis its Historical Valuation Multiples								INR Mn	
Particulars	Actual						Projected	Historical Median Multiple (basis FY17 to FY22)	Expected Price basis Historical Median Multiple applied on FY23 projected data
	FY17	FY18	FY19	FY20	FY21	FY22	FY23		
Adjusted VWAP (Source : BSE)	28.63	37.20	54.01	50.35	51.51	73.15	81.66		
Book Value	580	610	1,700	1,790	1,820	1,970	2,240		
Sales	3,542	3,350	3,386	3,923	3,708	6,321	8,214		
EBITDA	376	333	264	353	324	566	975		
Adjusted PAT	47	35	(75)	111	39	160	286		
Market Capitalization (M.Cap)	1,441	1,873	2,719	2,535	2,593	3,682	4,111		
Debt	1,734	1,880	980	1,290	1,556	2,143	3,631		
Cash	96	120	130	64	137	85	4		
Enterprise Value	3,080	3,633	3,568	3,761	4,012	5,741	7,738		
Adjusted No. of Shares	5,03,38,260	5,03,38,260	5,03,38,260	5,03,38,260	5,03,38,260	5,03,38,260	5,03,38,260		
M.Cap/Sales	0.41	0.56	0.80	0.65	0.70	0.58	0.61	100.24	
EV/Sales	0.87	1.08	1.05	0.96	1.08	0.91	1.01	92.14	
EV/EBITDA	8.19	10.92	13.50	10.65	12.37	10.15	10.79	136.92	
P/E	30.73	54.13	(36)	22.85	65.82	23.02	26.87	152.76	
P/B	2.48	3.07	1.60	1.42	1.42	1.87	1.73	77.19	
							Median Price	100.24	

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Annexure B – Valuation of FI as per DCF Method

Valuation of FI

Valuation pursuant to prospective investment in the Company

Valuation of equity shares of FI using Discounted Cash Flow Method as at September 30, 2022

(All amounts in INR million except share and per share data)

WACC	12.25%
Terminal Growth Rate	3.00%
Marginal Tax rate	25.17%

	INR Mn				
	October 1, 2022 to March 31, 2023	FY24	FY25	FY26	Terminal Year
Revenue	3,669.39	9,672.95	11,213.76	12,988.48	13,378.14
YoY growth		31.81%	15.93%	15.83%	3.00%
EBITDA	445.74	1,062.04	1,191.20	1,330.42	1,471.60
EBITDA Margins	12.15%	10.98%	10.62%	10.24%	11.00%
Less: Depreciation	(146.25)	(235.48)	(239.38)	(242.95)	(242.95)
EBIT	299.49	826.56	951.82	1,087.47	1,228.64
Less: Taxes	20.97	(152.66)	(191.42)	(248.96)	(309.25)
Net Operating Profit After Tax (NOPAT)	320.46	673.90	760.40	838.51	919.39
Add: Depreciation and Amortisation	146.25	235.48	239.38	242.95	242.95
Less: Capital Expenditure	(249.41)	(431.00)	(281.00)	(281.00)	(150.00)
Less: Increase in net working capital (refer working note (a))	(453.24)	(496.36)	(521.35)	(597.89)	(137.51)
Free Cash Flows to Firm (FCFF)	(235.9)	(18.0)	197.4	202.6	874.8
Cash Accrual Factor	0.3	1.0	2.0	3.0	3.0
Discounting Factor (refer note (d))	0.97	0.89	0.79	0.71	0.71
Present Value of Cash Flows	(229.2)	(16.0)	156.7	143.2	
NPV of Explicit Forecast Period (A)	54.7				
Terminal Value	9,457.7				
NPV of Terminal Value (B)	6,686.9				
Enterprise Value (A) + (B)	6,741.58				
Adjustments:					
Less : Total Debt (refer note (b))	(2,926.63)				
Equity Value	3,814.95				
Add: Surplus Assets (refer note (c))	445.0				
Revised Equity Value	4,259.99				
No. of equity shares outstanding	5,03,38,260				
Equity value per share	84.63				

Annexure B – Valuation of FI as per DCF Method (continued)

Note (a) Computation of YoY net working capital

INR Mn

Year Ending	FY21	FY22	September 30, 2022	FY23	FY24	FY25	FY26	Terminal year
Current Assets								
Inventories	1,333.66	2,094.29	4,468.41	2,663.38	3,136.60	3,631.20	4,196.06	
Trade receivables	825.18	946.20	1,132.46	1,349.81	1,589.69	1,842.97	2,134.70	
Short-term loans and advances	98.23	120.88	78.30	121.37	121.37	121.37	121.37	
Other current assets	191.47	300.66	325.96	382.74	382.74	382.74	382.74	
Total Current Assets	2,448.53	3,462.02	6,005.12	4,517.29	5,230.39	5,978.26	6,834.87	-
Current Liabilities								
Trade payables	630.27	1,300.20	3,023.73	1,219.84	1,436.57	1,663.10	1,921.81	
Other current liabilities	104.05	90.15	439.40	308.89	308.89	308.89	308.89	
Provisions	16.00	19.80	27.13	20.47	20.47	20.47	20.47	
Total Current Liabilities	750.33	1,410.15	3,490.26	1,549.19	1,765.93	1,992.46	2,251.17	-
Net Current Assets	1,698.20	2,051.88	2,514.86	2,968.09	3,464.46	3,985.81	4,583.70	4,721.21
Increase / (Decrease in Working capital)	-	353.67	462.98	453.24	496.36	521.35	597.89	137.51

Note (b) Summary of Debt and Debt-like items

Particulars	INR Mn
(i) Non-current	
Secured	
Term Loans	
From Banks	298.999
From Others	345.4421
Vehicle Loans	
From Banks	0.312
From Others	4.590895
Unsecured	
Loans from related parties	
From Directors	17.861
Sub-total (i)	667.205
Current	
Secured	
Loans Repayable on demand	
From Banks	
Open Cash Credit	212.993
Packing Credit / Foreign Bills purchased	812.243
Overdraft Facilities	884.901
Current maturities of Long-term debt	69.771
Other financial liabilities - debt-like items	
Interest accrued	6.501
Payable for acquisition of Property, Plant and Equipment	15.109
Unclaimed dividends	1.319
Derivative Liabilities	91.541
Liabilities for expenses	165.043
Sub-total (ii)	2259.421
Total (i) + (ii)	2926.626

Annexure B – Valuation of FI as per DCF Method (continued)

Note (c) Summary of Surplus Assets

Particulars	INR Mn
(i) Investments	
Quoted	
Fair value of quoted investments	0.947
Fair value of unquoted investments	
Unquoted	
Fair value of investments in equity shares of Beyond Mango Private Limited*	9.55
Fair value of investments in a partnership firm - Tri-Global Foods Private Limited*	0.049
Investments in Partnership firm - Kusum Masala	65.418
Sub-total (i)	75.96
(ii) Long-term Loans and advances	
Staff advances	2.097
Sub-total (ii)	2.097
(iii) Other non-current Financial assets	
Security deposits	70.074
Restricted Term deposits	4.071
Other non-current assets	82.883
Sub-total (iii)	157.028
(iv) Short-term loans and advances	
Inter-corporate deposits and advances	78.301
Sub-total (iv)	78.301
(v) Other current financial assets	
Security deposits	0.45
Interest Receivable on Fixed Deposits/ICD	43.169
Advance to Related Parties and others	26.429
Sub-total (v)	70.048
Net tax assets (vi)	(30.38)
Cash and cash equivalent balance (vii)	91.98
Total (i) + (ii) + (iii) + (iv) + (v) + (vi) + (vii)	445.04

**As informed to me by management of the Company and based on my perusal of the audited financial statements for the year ended March 31, 2022 of the Beyond Mango Private Limited (investee entity 1) and Tri-Global Foods Private Limited (investee entity 2), I understand that the investee entity 1 is not having any operations and investee entity 2 has incurred accumulated losses. Also, its insignificant from overall valuation perspective of the Company and consequently, the same is considered at book value for my analysis.*

Annexure B – Valuation of FI as per DCF Method (continued)

Calculation of Cost of Equity ("Ke") and Weighted Average Cost of Capital ("WACC")

Cost of Equity	%	Remarks
Risk free rate (Rf)	7.31%	The risk free rate is derived based on 10 year Government of India securities yield as at
Market return (Rm)	12.66%	The market rate of return is based upon long term return from the equity market
Equity risk premium (Rm-Rf)	5.35%	Difference of Rm and Rf. ERP is a measure of premium that investors require for investing in equity markets rather than bond or debt markets.
Unlevered Beta	1.01	Beta has been considered based on average Industry Beta of Food Processing Industry from Aswath Damodaran data on Industry Beta.
Tax rate	25.17%	Based on effective tax rate applicable to Company
Debt to equity ratio on Valuation date	60.50%	Debt-equity mix of the Company
Levered beta	1.46	Computed based on debt and equity of Company as on valuation date.
Cost of Equity	15.14%	
Alpha (Company Specific Risk Premium)	0.00%	Valuer's judgement considering the Company specific operational and financials parameters
Revised CoE	15.14%	
Cost of Debt	%	Remarks
Cost of Debt (Pre-tax)	10.00%	Average cost of debt for the company
Tax	25.17%	Based on effective tax rate applicable to Company
Cost of Debt (Net of Tax)	7.48%	
D / D + E	37.70%	
WACC	12.25%	WACC

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Annexure C – Valuation of FI as per CCMM Method

CCMM Analysis basis EV/Revenue and EV/EBITDA multiples of Comparable Company

Particulars	INR Mn except for multiples and per share price
Comparable Company's market multiples	
-EV/EBITDA	19.58
-EV/Revenue	2.13
Less: Discount for difference in size of Comparable Companies, differences in business and other parameters vis-à-vis FI	1/3
Revised Comparable Company's multiples	
-EV/EBITDA	13.05
-EV/Revenue	1.42
FI's EBITDA and Revenue basis the financial data for FY22	
- EBITDA	501.14
- Revenue	6,321.47
EV of FI basis the above Revised CCMM	
-EV/EBITDA	6,541.11
-EV/Revenue	8,960.86
Average EV	7,750.98
Adjustments:	
Less: Total Debt	(2,926.63)
Add: Surplus Assets	445.04
Equity Value	5,269.40
Number of equity shares	5,03,38,260
Equity Value per share	104.68

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Annexure C – Valuation of FI as per CCMM Method (continued)

Calculation of Comparable Companies multiple

(All amounts except comparable multiples data are in INR Mn)

As per PE Multiple

Particulars	Market capitalization (INR Mn)	TTM PAT (INR Mn)	PE Multiple
Varun Beverages	6,57,457.14	15,010.00	438.01
Freshrop Fruits	1,045.66	30.00	348.55
Hindustan Foods	81,634.77	580.00	1,407.50
LT Foods	29,078.10	3,430.00	84.78
Average	1,92,303.92	4,762.50	569.71
Median	55,356.44	2,005.00	393.28

As per EV/EBITDA Multiple

Particulars	Market capitalization (INR Mn)	Total Debt (INR Mn)	Cash, Investments and Loans and advances (INR Mn)	Enterprise Value (INR Mn)	TTM EBITDA (INR Mn)	EV/EBITDA	Revenue (INR Mn)	EV/Revenue
Varun Beverages	6,57,457.14	23,710.00	3,480.00	6,77,687.14	26,880.00	25.21	1,26,930.00	5.34
Freshrop Fruits	1,045.66	240.00	170.00	1,115.66	80.00	13.95	2,030.00	0.55
Hindustan Foods	81,634.77	4,220.00	410.00	85,444.77	1,390.00	61.47	23,680.00	3.61
LT Foods	29,078.10	13,920.00	2,860.00	40,138.10	6,380.00	6.29	62,300.00	0.64
Average	1,92,303.92	10,522.50	1,730.00	2,01,096.42	8,682.50	26.73	53,735.00	2.54
Median	55,356.44	9,070.00	1,635.00	62,791.44	3,885.00	19.58	42,990.00	2.13

Source of the above data

Company name	Share Price	Number of shares	TTM PAT (Screener)	Total Cash Investments and Loans and advances (Screener)	Debt (Screener)	TTM EBITDA (Screener)	TTM Revenue (Screener)
Varun Beverages	VWAP of last 12 months	September 30, 2022	September 30, 2022	June 30, 2022	June 30, 2022	September 30, 2022	September 30, 2022
Freshrop Fruits	VWAP of last 12 months	September 30, 2022	June 30, 2022	March 31, 2022	March 31, 2022	June 30, 2022	June 30, 2022
Hindustan Foods	VWAP of last 12 months	September 30, 2022	September 30, 2022	September 30, 2022	September 30, 2022	September 30, 2022	September 30, 2022
LT Foods	VWAP of last 12 months	September 30, 2022	September 30, 2022	September 30, 2022	September 30, 2022	September 30, 2022	September 30, 2022

Note: We have used comparable companies data from screener.inComputation of Market capitalization as November 12, 2022

Company name	No. of shares	Price (VWAP - 12M)	Market capitalization (INR Mn)
Varun Beverages	64,95,49,620	1,012.17	6,57,457.14
Freshrop Fruits	1,06,87,996	97.83	1,045.66
Hindustan Foods	11,27,42,690	724.08	81,634.77
LT Foods	31,98,44,780	90.91	29,078.10

Source : BSE

Note: VWAP price has been considered for past preceding 12 months period immediately preceding the valuation date. Other data are considered basis the last quarter financial statements submitted i.e / June 30, 2022 / Sep 30, 2022 as available.