Annexure C

(46)

M/s Sunit & Co.
Chartered Accountants

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Date: 17 July 2020

Board of Directors
ZUARI GLOBAL LIMITED,
Jai Kisaan Bhawan,
Zuarinagar
Goa 403726
India

Board of Directors
GOBIND SUGAR MILLS LIMITED,
Birla Mill Complex, P.O. Birla lanes
G T Road, Near Clock Tower
Kamla Nagar, North Delhi – 110 007

Sub: Recommendation of Share Exchange Ratio pursuant to the Scheme of Amalgamation between Zuari Global Limited and Gobind Sugar Mills Limited and their respective Shareholders and Creditors

Dear Sir/Madam,

We refer to our engagement letter ("LoE") dated 27 September 2019 whereby the management of Zuari Global Limited ("ZGL") and Gobind Sugar Mills Limited ("GSML") (individually and collectively herein referred to as the "Client" or "You" or "the Company" or "the Companies" or "respective Companies", as the context may require) have requested M/s Sunit & Co, Chartered Accountants (hereinafter referred to as "Valuer" or "We" or "us") for recommending the fair exchange ratio for the proposed restructuring pursuant to a Scheme of Amalgamation under provisions of Sections 230 to 232 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 (**"Scheme"**).

*The share exchange ratio ("**Share Exchange Ratio**") of the equity shareholders of GSML for the proposed transaction refers to*

- *the number of equity share(s) of the face value of Rs. 10/- (Rupees Ten) each credited as fully paid up in the share capital of ZGL which would be issued to the equity shareholders of GSML for exchange of the fully paid-up equity share(s) of the face value of Rs. 10/- (Rupees Ten) each held in GSML, or*
- *the number of 10.5% Non-Convertible Redeemable Preference Shares of the face value of Rs. 10/- (Rupees Ten) each credited as fully paid up in the share capital of ZGL for exchange of the fully paid-up equity share(s) of the face value of Rs. 10/- (Rupees Ten) each held in GSML at the option of the equity shareholder of GSML.*

Furthermore, we understand that upon the scheme becoming effective, the shareholders of preference shares in GSML shall receive Non-Convertible Redeemable Preference Shares. Management is proposing the following share exchange ratio:

- 1 (One) 7% Non-Convertible Redeemable Preference Shares of the face value of Rs. 10/- (Rupees Ten) each credited as fully paid up in the share capital of ZGL for every 1 (One) fully paid up 7% Non-Convertible Redeemable Preference Shares of the face value of Rs. 10/- (Rupees Ten) each held in GSML.

For ZUARI GLOBAL LIMITED
Authorised Signatories

For GOBIND SUGAR MILLS LIMITED
Company Secretary

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Our deliverable for this engagement would be a share exchange ratio report ("Share Exchange Ratio Report" or "Report").

The proposed appointed date of merger is 01 April 2020

In the following paragraphs, we have summarised our valuation analysis together with the description of the valuation approaches, methodologies and limitations in our scope of work.

CONTEXT AND PURPOSE OF THIS REPORT

Overview

Zuari Global Limited

ZGL was incorporated on 12 May 1967 as a public company under the Companies Act, 1956. ZGL is engaged in Real Estate Business, Business of contractors, erectors, construction of buildings, houses, apartments, structures or residential complexes and offices, set up, develop and providing of infrastructure facilities and investment in listed and unlisted securities. The equity shares of ZGL are listed on the National Stock Exchange of India Limited (hereinafter called '**NSE**') and the BSE Limited (hereinafter called '**BSE**').

Gobind Sugar Mills Limited

GSML was incorporated on 18 August 1952 as a public company under the Companies Act, 1913. GSML is engaged in the business of manufacture and sale of sugar, molasses and press mud. Further, GSML is also engaged in generation of power and ethanol. The equity shares of GSML are listed on the Metropolitan Stock Exchange of India Limited ('**MSE**').

Context and purpose

We have been given to understand that pursuant to the Scheme, the entire business and whole of the undertaking of GSML will be transferred to ZGL as a going concern in the manner and on terms as set out in the Scheme.

We understand that the management of the Companies is contemplating a restructuring exercise with the following objectives (**"Proposed Transaction"**) under the Scheme of Amalgamation:

1. Streamlining and rationalization of the group structure through consolidation GSML with ZGL, leading to reduction in compliance and administrative cost of the group;
2. Imparting better management focus, facilitating administrative convenience and ensuring optimum utilization of various resources of the Companies;
3. Bring about synergy in operations, economies in costs and other benefits resulting from the economies of scale;
4. The net worth and regular stream of revenue of the post-merger ZGL would facilitate requisite cost effective fund-raise for the future business operations of the ZGL; and
5. Proposed business re-alignment will create enhanced value for the stakeholders of both the Companies. This Scheme is not expected to be in any manner prejudicial to the interest of the concerned shareholders, members, creditors, employees or general public at large.

The Proposed Transaction, would involve the following:

Merger of GSML with ZGL

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For GOBIND SUGAR MILLS LIMITED

Company Secretary

For ZUARI GLOBAL LIMITED

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In this connection, the Management has appointed us to submit a report recommending the Share Exchange Ratio pursuant to the Proposed Transaction for the consideration of the Board of Directors (including audit committees, as applicable) of ZGL and GSML in accordance with the applicable Securities and Exchange Board of India ("**SEBI**") and the relevant stock exchanges laws, rules and regulations.

BASIS OF VALUATION

In transactions of the nature of – merger or amalgamation of companies or merger or demerger of businesses, the consideration is often discharged primarily by issue of securities of the acquirer or transferee entity with reference to an exchange ratio or entitlement ratio, considering the relative values.

Such relative values are generally arrived at by applying an appropriate valuation approach or a combination of valuation approaches. If a combination of valuation approaches or methodologies is adopted, appropriate weightages are assigned to arrive at a single value. Relative values are usually derived by using similar valuation approaches, methodologies and weightages. However, the use of differing methodologies or approaches may be justified in circumstances, e.g., a merger of a listed company and an unlisted company, or where the listed company is infrequently traded.

Base of valuation

The base of valuation has been "Fair value" as at the Valuation Date.

The definition of "Fair value" as per Indian Valuation Standards issued by the Institute of Chartered Accountants of India, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.

Fair value is the price in an orderly transaction in the principal (or most advantageous) market at the valuation date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Premise of value

The premise of value refers to the conditions and circumstances of how an asset is deployed. As part of our analysis, we have considered the following assumption to be appropriate:

- Going-concern basis - Going concern value is the value of a business enterprise that is expected to continue to operate in the future.
- As-is-where-is basis – considers the current use of the asset which may or may not be its highest and best use.

Intended users

This report is intended for consumption of the Board of Directors of ZGL and GSML and for the purpose of submission to the relevant regulatory authorities.

We understand that this Report will be used by the Client for the above-mentioned purpose only and on the express understanding that it shall not be copied, disclosed or circulated or referred to in correspondence or discussion with any third party or used for any other purpose, other than the purpose mentioned above, without our prior written consent.

In the event, the Companies or Management of the Companies or representatives of the Company intend to extend the use of this report beyond the purpose mentioned herein above, with or without our consent, we will not accept any responsibility to any other party to whom our report may be shown or who may acquire a copy of the report issued by us.

SOURCES OF INFORMATION

This Report is prepared based on the below sources of information as provided to us by the management of Client:

- Draft Scheme of Amalgamation
- Historical financial statements of Zuari Global limited along with its subsidiaries, step down subsidiaries and JVs i.e. Simon India Limited, India Furniture Products Limited, Zuari Infraworld Limited, Zuari Investments Limited, Zuari Management Services Limited, Gobind Sugar Mills Limited
- Audited financial statements for the year ended 31 March 2020 of ZGL along with its subsidiaries, step down subsidiaries and JVs;
- Projected financial statements for Gobind Sugar Mills Limited for 9 years period from 01 April 2020 to 31 March 2029
- Details of quoted and unquoted investments
- Details of contingent liability as of 31 March 2020
- Other data and information provided by respective companies, as may be requested by us;
- Discussions with the Management to obtain requisite explanation and clarification of data provided;
- Interviews and correspondence with the respective company's management on which we have relied;

The management of the Companies were provided with an opportunity to review a draft of our Report *(excluding the valuation and recommended Share Exchange Ratio)* as part of our standard practice to ensure that factual inaccuracies/omissions are avoided in our final report.

Further, at the request of the Management we have had discussions with the Merchant Banker, SKP Securities Limited on the valuation approach & methodologies adopted and assumptions made by us.

PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

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

- Requested and received financial and qualitative information
- Used data available in the public domain
    - Where available, published general market data, including economic, government and industry information which may affect the value of the businesses;
    - Where available, financial data for publicly traded or private companies engaged in the same or similar lines of business to develop appropriate multiples and operating comparisons as part of the market approach of valuation.
- Discussion (physical/ or over a phone call) with the Management to:
    - Understand the business and fundamental factors that affect its meaning-generating capability, including strengths, weaknesses, opportunity and threats analysis and historical financial performance.
- Undertook Industry Analysis:
    - Research publicly available market data including economic factors and industry trends that may impact the valuation
    - Analysis of key trends and valuation multiples of comparable companies/comparable transactions using: Proprietary databases subscribed by us or our network firms
- Selection of internationally accepted valuation methodologies as considered appropriate by us.

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DISCLOSURE OF INTEREST/ CONFLICT

We hereby certify that, to the best of my knowledge and belief that:

- We are not affiliated to the Client in any manner whatsoever.
- We do not have a prospective interest in the business, which is the subject of this Report.
- Details of services for the Client performed within a three-year period immediately preceding acceptance of this engagement, as an appraiser or in any other capacity – not applicable.
- Our fee is not contingent on an action or event resulting from the analyses, opinions or conclusions in this Report.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Our work in preparing the Report was undertaken, and our Report has been produced in accordance with the terms of our engagement with ZGL and GSML. Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, diligence services, consulting/ tax-related services.

This Report, its contents and results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement along with subsequent discussions with the management; (ii) the date of this Report and (iii) are based on the data detailed in the section – Sources of information. An analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular, and the information made available to us. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

The Management has represented that the business activities of the Companies have been carried out in the normal and ordinary course. However, material events could have occurred in their respective operations due to outbreak of COVID-19 in India between mid-February 2020 and date of issue of Report. Management has represented that their business plan has been adjusted for the COVID-19 impact.

The Report Date is the valuation date ("Valuation Date"). For the valuation exercise, market parameters have been considered up to and including 10 July 2020.

Further, for the purpose of this engagement and Report, we have made no investigation of, and assume no responsibility for, the title to the assets or liabilities against the Company. Our conclusion of value assumes that the title to the assets and liabilities of the respective companies reflected in their respective audited financial statements as 31 March 2020 is intact as at the date of this Report.

The financial forecasts used in the preparation of the Report reflects judgment of respective management of Companies, based on present circumstances prevailing around the valuation date, as to the most likely set of conditions and the course of action it is most likely to take. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period almost always may differ from the forecasts and as such differences may be material.

The final analysis will have to be tempered by the exercise of reasonable discretion by the valuer and judgement, considering all the relevant factors. There will always be several factors example given, management capability, present and prospective competition, the yield on comparable securities, market sentiments among others, which are not evident from the face of the balance sheet but will strongly influence the worth of a share. This concept is well recognised in judicial decisions and pronouncements.

The recommendation rendered in this Report only represents our recommendation based upon information till date, furnished by the management of the Client and other sources. The said recommendation shall be considered to be in the nature of non-binding advice.

Our recommendation in this Report is not intended to advise anybody to take buy or sell decision for which specific opinion needs to be taken from expert advisors.

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For GOBIND SUGAR MILLS LIMITED

Company Secretary

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For ZUARI GLOBAL LIMITED

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The Report does not constitute an offer or invitation to any section of the public to subscribe for or purchase any securities in, or the other business or assets or liabilities of the Companies.

The determination of a share exchange ratio is not a precise science, and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no single undisputed share exchange ratio. While we have provided our recommendation of the share exchange ratio based on the information made available to us and within the scope of our engagement, others may have a different opinion. The final responsibility for the determination of the share exchange ratio at which the Proposed Transaction shall take place will be with the Board of Directors of the Companies who should take into account other factors such as their assessment of the Proposed Transaction and input of other advisors.

Our work did not constitute an audit of the financial statements, and accordingly, we do not express any opinion on the truth and fairness of the financial position, as indicated in this Report. Our work did not constitute a validation of the financial statements of the companies/ businesses, and accordingly, we do not express any opinion on the same. Also, with respect to explanations and information sought from the management, we have been given to understand that the management has not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information provided by the management of the Client. Any omissions, inaccuracies or misstatements may materially impact our valuation analysis and outcome.

We do not imply, and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

The Report assumes that the Companies comply fully with the relevant laws and regulations applicable in all its areas of operations unless otherwise stated and that the companies will be managed in a competent and responsible manner. Further, except as expressly stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of lawful title and compliance with local laws, litigations and other contingent liabilities that are not recorded in the audited/ unaudited balance sheet of the Companies.

This Report does not investigate the business / commercial reasons behind the Proposed Transaction nor the likely merits of such transaction. Similarly, it does not address the relative benefits of the Proposed Transaction as compared with any other alternative business transaction or other alternatives or whether such options could be achieved or are available.

The fee for this engagement is not contingent upon the valuation conclusions.

This Report sets out Valuer's conclusions on: a) valuation of relevant businesses as part of the merger and b) Share Exchange Ratio and has been prepared in accordance with LoE. The Report will be used by the Client for purposes agreed in the LoE. The Report will be issued by us on the express understanding that it shall not be copied, disclosed or circulated or referred to in correspondence or discussion with any third party or used for any other purpose without Valuer's prior written consent, unless agreed in the LoE.

This Report is based on the information provided by the Client and has been confirmed by the Client. We have not independently verified or checked the accuracy or timeliness of the same.

We have based our analysis based on information provided to us by the Management and stated under "Sources of Information". Any changes in the basis of preparation of financial statements of the Companies may significantly impact our analysis and therefore, the valuation.

For our analysis, we have relied on published and secondary sources of data, whether or not provided by the Client. We have not independently verified the accuracy or timeliness of the same.

The Valuer is not responsible for updating this Report because of events or transactions occurring subsequent to the date of issue of this Report.

The Valuer has not considered any finding made by other external agencies in carrying out the Valuation analysis other than those which are made available as part of disclosures in the annual report of the Companies.

This Report is prepared on the basis of the sources of information listed in the above section. We have relied upon written representation provided by the Management that the information contained in the Report is materially accurate and complete, fair in its manner of portrayal and therefore, forms a reliable basis for the Valuation.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties other than in connection with the proposed Scheme, without our prior written consent except for disclosures to be made to relevant authorities including stock exchanges, SEBI and National Company Law Tribunal. We owe no duty (whether in contract or in tort or under statute or otherwise) with respect to or in connection with the attached Report or any part thereof to a party other than our Client. We do not accept any liability to any third party in relation to the issue of this Report.

It is understood that the analysis presented herein does not represent a fairness opinion on either the valuation of the business undertakings or the Share Exchange Ratio.

Any decision by the Client regarding whether to proceed with Proposed Transaction shall rest solely with the Client.

This Report is subject to the laws in India and should be used in connection with the proposed scheme.

This Report does not in any manner address the prices at which equity shares of the Companies or any other listed shareholder will trade after the announcement of the Proposed Transaction, and we express no opinion or recommendation as to how shareholders of the companies involved in the restructuring should vote at the shareholders' meeting(s) to be held in connection with the Proposed Transaction.

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For GOBIND SUGAR MILLS LIMITED

For ZUARI GLOBAL LIMITED

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Company Secretary

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SHAREHOLDING PATTERN OF THE COMPANIES

The issued and subscribed equity share capital of Zuari Global Limited as on 31 March 2020 is INR 294,406,040 consisting of 29,440,604 equity shares of the face value of INR 10/- each. The shareholding pattern is as follows:

Sr. no.	Category of shareholder	Percentage holding
1	Promoters & Promoter Group	54.83%
2	Banks/Financial Institutions and Insurance Companies/NBFCs	7.42%
3	Foreign Portfolio Investor	1.21%
4	Mutual Funds	3.25%
5	NRIs/OCBs	0.62%
6	Bodies Corporate	8.64%
7	Other Public Shareholders	24.03%
	Total	100%

Source: Company filings with stock exchange

The issued and subscribed equity share capital of Gobind Sugar Mills Limited as on 31 March 2020 is INR 4,47,30,470 consisting of 44,73,047 equity shares of the face value of INR 10/- each. The shareholding pattern is as follows:

Sr. no.	Category of shareholder	Percentage holding
1	Promoters	74.86%
2	Public Shareholding	25.14%
	Total	100.00%

Source: Management information

APPROACH & METHODOLOGY

Summary of the Scheme:

Part II of the Scheme contemplates the merger of Gobind Sugar Mills Limited with Zuari Global Limited and recommendation of Share Exchange Ratio for the equity shares and preference shares, respectively, based on the valuation of ZGL and GSML.

The Scheme contemplates the Proposed Transaction pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

Valuation approach and methodologies

There are several commonly used and accepted methods for determining the value and the Share Exchange Ratio which have been considered in the present case, to the extent relevant and applicable, including:

1. Market Approach:

   a. Market Price method
   b. Comparable Companies Multiples
   c. Comparable Transaction Multiple Method

2. Income Approach: Discounted Cash Flows Method

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Company Secretary

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3. Cost Approach: Net Asset Value Method

As discussed below for the Proposed Transaction, we have considered these methods to the extent relevant and applicable.

This valuation could fluctuate with the lapse of time, changes in prevailing market conditions and prospects, industry performance and general business and economic conditions financial and otherwise of the Companies, and other factors which generally influence the valuation of companies and their assets.

We have relied on the judgment of the Management as regards contingent and other liabilities.

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the valuation subjects, and other factors.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for various purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of the methodology of valuation has been arrived at using usual and conventional methods adopted for transactions of a similar nature, regulatory guidelines and our reasonable judgment, in an independent and *bona fide* manner based on our previous experience of assignments of a similar nature.

The valuation methodologies, as may be applicable, which have been used to arrive at the value of the Companies are discussed hereunder.

Market Price (MP) Method

The market price of an equity share as quoted on a Stock Exchange is generally 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 the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger, where there is a question of evaluating the share price of one company against that of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

In the present case, equity shares of ZGL are listed on the National Stock Exchange and the Bombay Stock Exchange.

The equity shares of GSML are listed on the Metropolitan Stock Exchange of India Limited. However, there is no information about trading of GSML's shares on the exchange. Hence, we have not used this method for valuation of GSML.

Comparable Companies Market Multiple ("CCM") Method

Under this method, the value of the equity shares of a company/ business undertaking is arrived at by using multiples derived from valuations of comparable companies, as apparent through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant for the assessment of the value of the company.

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

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For GOBIND SUGAR MILLS LIMITED
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Company Secretary

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We have used this method wherever publicly listed comparable companies were available.

Comparable Companies Transaction Multiple ("CTM") Method

Under the CTM method, the value of the equity shares of a company/ business undertaking is arrived at by using the prices implied by reported transactions/ deals of comparable companies.

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

Considering the uniqueness of the business structure of ZGL, it is difficult to find similar transaction to benchmark. For GSML, we have not been able to identify any comparable company for which a majority stake-sale transaction has taken place in the last one year. We believe that the older transactions are not relevant for our valuation considering share price movements and changes in the macro-economic situation in India. Also, transactions multiples at times tend to be biased due to premium which may be embedded in the price for strategic benefits and synergies which an acquirer may perceive in the target. Accordingly, we have not applied the Comparable Transactions Multiple Method.

Discounted Cash Flows (DCF) Method

Under the DCF method, the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that is available to all providers of the company's capital — both debt and equity.
Appropriate discount rate to be applied to cash flows, i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

The value so computed by discounting the cash flows to the firm is adjusted for net borrowings, surplus asset including investments, minority interests, equity instruments granted as part of the share-based payment, and other matters to arrive at an aggregate equity value of the company.

In the present case, we have considered this method for valuing these companies/businesses where applicable.

Net Asset Value (NAV) Method

The asset-based valuation technique is based on the value of the underlying net assets of the business either on a book value basis or realisable value basis or replacement cost basis. The cost approach assumes that a prudent investor would pay no more for an entity than the amount for which he could replace or re-create it or an asset with similar utility. Under a going-concern premise, the cost approach usually is best suited for valuing asset-intensive companies, such as investment or real estate holding companies, or companies with unstable or unpredictable earnings.

In the present case, we have considered this method to value ZGL as a whole given that is an investment holding company with investments constituting investment in subsidiaries/associates/Joint ventures, real estate business and quoted/unquoted investments.

For GOBIND SUGAR MILLS LIMITED

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VALUATION APPROACH FOR COMPANIES

When evaluating the approaches/methodologies to be adopted for valuing a company or business, an appraisal engagement requires an understanding of the nature of the company's business. An operating company primarily derives profits through the offering of products or services. In comparison, a holding company is usually set up to derive profits through the holding of assets for investment purposes.

In certain situations where an operating company is asset-intensive or has operating income that is consistently less than the value of the assets that it holds, we evaluate the company based more on the value of its assets than on the value of its operating income.

A holding company typically does not have ongoing operations other than the retention and management of assets for strategic purposes or in anticipation of a future trade sale. These assets often consist of strategic investments, cash, marketable securities, equipment and real estate. The valuation of these companies usually relies significantly on either asset approach or 'sum-of-parts' approach wherein value of a business is based on the market value of underlying assets rather than on income-producing capacity of the company or market value of similar guideline companies.

Based on the foregoing, the valuation approach/methodology adopted for determining the value is as follows:

a) ZGL - ZGL has limited standalone operations; however, it has multiple businesses/ which are operated through its subsidiaries, joint venture entities and JV's, and other income from investments. Further, the its equity shares (listed on two recognized stock exchanges in India viz National Stock Exchange and Bombay Stock Exchange) are frequently traded. As such, equity value of the ZGL has been arrived by utilising a weighted average of the following methodologies:
    - 'Sum of the parts' basis which considers operating value of businesses, value of its quoted and unquoted investments, surplus assets and cash adjusted for the debt and debt-like items.
    - Share price of ZGL observed on the NSE over a reasonable period to arrive at the value per equity share of ZGL under market price method
    - Net asset value adjusted for fictitious assets as at 31 March 2020

b) GSML — We have considered Discounted Cash Flow method and conversion price of the latest preferential issue to the Promoter group for arriving at equity value of GSML.

BASIS OF VALUATION AND SHARE EXCHANGE RATIO

The premise of arriving at the valuation and Share Exchange Ratio for the Proposed Transaction would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. The valuations and Share Exchange Ratio is based on the various methods explained herein earlier and various qualitative factors, business dynamics and growth potentials of the relevant company/business undertaking, having regard to the information base, critical underlying assumptions and limitations. It is however important to note that in doing so we are not attempting to arrive at the absolute equity values of the businesses, companies and / or their JV's and subsidiaries but at their relative values to facilitate the determination of a fair Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

As considered appropriate, we have applied methodologies discussed above and arrived at an assessment of the value of the companies forming a part of the amalgamation for computation of the Share Exchange Ratio. To arrive at the consensus on the Share Exchange Ratio, suitable minor adjustments/ rounding off have been done in the relative values arrived at by us.

Equity shares

The Share Exchange Ratio has been arrived at based on a relative basis considering the equity valuation of ZGL and GSML derived using various methodologies explained herein earlier and various qualitative

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factors relevant to each company and the business dynamics and growth potentials of the businesses of the companies, having regard to available information base, key underlying assumptions and limitations. To arrive at the consensus on the Share Exchange Ratio for the proposed merger, suitable minor adjustments or rounding off have been done.

Considering the coupon rate, terms of redemption and the current market value of similar instrument, we are of the view that the fair value of the 10.5% Non-Convertible Redeemable Preference Shares of the face value of Rs. 10/- (Rupees Ten) each credited as fully paid up in the share capital of ZGL which shall be issued in exchange of fully paid up equity share(s) in GSML, is equal to its face value.

Preference shares

In case of preference shares in GSML, we understand that the terms and conditions of issue of preference shares by ZGL is proposed to be the same. Non-convertible redeemable preference shares result in a contractual obligation on the issuer to deliver cash at the redemption date, and therefore, the instrument is a liability. The economic effect of this instrument to be issued is substantially the same if it has the same terms and conditions as the existing instrument.

Thus, the worth of 7% Non-Convertible Redeemable Preference Shares of the face value of Rs. 10/- (Rupees Ten) in GSML is equivalent to 7% Non-Convertible Redeemable Preference Shares of the face value of Rs. 10/- (Rupees Ten) in ZGL.

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M/s SUNIT & CO. CHARTERED ACCOUNTANTS

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For GOBIND SUGAR MILLS LIMITED

Company Secretary

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For ZUARI GLOBAL LIMITED

Authorised Signatories

CONCLUSION

Merger of GSML with ZGL

Based on the foregoing, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following Share Exchange Ratio for the proposed merger of GSML with ZGL for the Board of Directors consideration:

A) For equity shareholders of GSML:

- **100 (One Hundred) equity shares of the face value of Rs. 10/- (Rupees Ten) each credited as fully paid up in the share capital of ZGL for every 285 (Two Hundred and Eighty-Five) fully paid up equity shares of the face value of Rs. 10/- (Rupees Ten) each held in GSML, or**
- **10,000 (Ten Thousand) 10.5% Non-Convertible Redeemable Preference Shares of the face value of Rs. 10/- (Rupees Ten) each credited as fully paid up in the share capital of ZGL for every 1,006 (One Thousand and Six) fully paid up equity shares of the face value of Rs. 10/- (Rupees Ten) each held in GSML.**

at the option of the equity shareholders of GSML

B) For preference shareholders of GSML:

- **1 (One) 7% Non-Convertible Redeemable Preference Shares of the face value of Rs. 10/- (Rupees Ten) each credited as fully paid up in the share capital of ZGL for every 1 (One) fully paid up 7% Non-Convertible Redeemable Preference Shares of the face value of Rs. 10/- (Rupees Ten) each held in GSML.**

Respectfully submitted,
For M/s Sunit & Co.
Chartered Accountants
ICAI Firm Registration No: 033979N

M/s SUNIT & CO. F-1502 GR. EDEN HEIGHTS SECTOR-70 GURUGRAM 122101 INDIA CHARTERED ACCOUNTANTS

CA. Sunit Khandelwal
Proprietor
Membership No. 066642
Place: Gurgaon
Date 17 July 2020
UDIN: 20066642AAAAAB7649

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For ZUARI GLOBAL LIMITED
Authorised Signatory

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For GOBIND SUGAR MILLS LIMITED
Company Secretary

APPENDIX – 1

The computation of Share Exchange Ratio for merger of GSML with ZGL is computed as below

Computation of Share Exchange Ratio				
Valuation approach and	ZGL Value per equity share (INR)	*Weight%*	GSML Value per equity share (INR)	*Weight%*
Market approach				
- Market price method	54.3	*33.3%*	NM	
- Price of recent transaction method	NA		100.0	*50.0%*
- Comparable companies multiple method	NA		N.M	
Income approach	409.1	*50.0%*	98.8	*50.0%*
Cost approach	363.5	*16.7%*	NM	
Relative value per share	283.2		99.4	
Share Exchange Ratio	**100 Equity shares of ZGL**		**For every 285 Equity shares of GSML**	

APPENDIX – 2

The computation of exchange ratio of 10.5% NCRPS to Equity shares of GSML

	Zuari Global Ltd. (ZGL)	Gobind Sugar Mills Ltd. (GSML)
Instrument	10.5% NCRPS (in INR)	Equity share (in INR)
Value per share	10.00	99.40
Exchange ratio (rounded)	**10,000 10.5% NCRPS of ZGL**	**For every 1,006 equity shares of GSML**

NA = Not applicable/adopted
NM = Not meaningful

a) Market Price Method is not considered for GSML as its equity shares despite being listed on the Metropolitan Stock Exchange has no information of trading of equity shares on the stock exchange.
b) Comparable companies multiple method is not applicable for ZGL as the company is a holding company with its subsidiaries operating in varied businesses which make it difficult to identify a comparable company. GSML has recently completed the expansion of its sugar manufacturing unit, has set up a new co-gen power plant and has started the production at its new distillery unit. As such the current revenue and earnings do not completely reflect the business potential. Accordingly, the comparable companies multiple has not be considered for valuing GSML
c) 'Sum-of-parts' approach has been adopted for valuing ZGL which considers utilising a mix of approaches/methodologies for valuing the equity. Income approach and price of recent transaction has been considered for sugar and power business (i.e. GSML); Market approach has been considered for valuing business based on their earnings capacity; cost/market approach has been adopted for valuing the investments. Since the composition of value computed based on income approach is significantly higher, the method has been classified under the income approach.
d) ZGL has a number of subsidiaries, associates and investment in joint ventures with several layers of holding structure and inter-company borrowings and investments which makes it difficult for management to draw mid-term/long-term projections on behalf of such subsidiaries/associates/joint ventures and long-term investment companies. We have therefore not used this methodology for valuing ZGL.

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e) Cost approach is adopted in case of ZGL, since it has no significant standalone operations and is primarily a strategic holding company for several of the other promoter group's operating companies and investments.

End of report*

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