

# Ruchi Soya buys Patanjali's food business for ₹690 crore

To pay 1% royalty per year of turnover of products under transfer agreement

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Edible oil major Ruchi Soya has announced it's acquiring the food business of Patanjali Ayurved for around ₹690 crore. This is expected to fast-track Ruchi Soya's shift to fast-moving consumer goods (FMCG) category.

The name of Ruchi Soya Industries Ltd will be changed to Patanjali Foods Ltd after the regulatory approvals.

The acquired food business consists of 21 products including ghee, honey, spices, juices and flour.

Ruchi Soya will pay an annual royalty to Patanjali Ayurved, estimated at 1 per cent of the gross turnover of the products under the transfer agreement, according to a company source.

It's a debt-free transfer and Ruchi Soya will fund the acquisition through internal accruals, he said.

"The acquisition is valued at a fair market value of ₹690 crore based on all the fixed assets of food division and respective current assets on slump sale basis," the company said in a stock



## EXPANDING FOOTPRINT

► The transaction will be funded through internal accruals

► Businesses like hair care, dental care, skin care, medicine and herbal formulations will remain with Patanjali

► Ruchi's food portfolio is expected to contribute to approximately 18% of total revenue in FY23

► Combined food portfolio of Ruchi and Patanjali's food business is estimated to cross revenue of ₹6,600 - 6,800 crore in FY23

exchange filing.

The board of Patanjali Ayurved has approved this transfer of food business to Ruchi Soya Industries with effect from May 9.

Ruchi Soya's stock closed 10 per cent higher at ₹1,192.15 apiece in Wednesday's trade.

As part of the deal, Ruchi Soya will get the manufacturing plants at Padartha (Haridwar in Uttarakhand) and Newasa

(Maharashtra). It will also include the transfer of employees, assets, contracts, licences and permits, distribution network, and customers related to the food retail business of Patanjali Ayurved. However, it will exclude Patanjali's brand, trademarks, designs and copyrights. While the transaction will include current assets, it will exclude debtors, vehicles, cash and bank balance, the company said in its stock exchange filing. Turn to Page 6 ►

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In the first tranche, 15 per cent (₹103.5 crore) of the total purchase consideration shall be simultaneously paid with the execution of the business transfer agreement or within three days from the execution of the business transfer agreement.

In the second phase, 42.5 per cent (₹293.25 crore) of the total purchase consideration shall be paid on the closing date defined under the business transfer agreement. In the third tranche, the remaining 42.5 per cent (₹293.25 crore) of the total purchase consideration will be paid. The transaction is expected to be completed by July 15. "This strategic initiative for acquisition of food business shall strengthen its food product portfolio with an array of brands and also contribute to the growth in terms of revenue and EBITDA," the company said.