

Dhelakhat Tea Co. Ltd.

(CIN : L15492WB1917PLC002894)

Regd. Office : 4, Dr. Rajendra Prasad Sarani (Clive Row), Kolkata - 700 001

Phone : 033 2230-4351, (5 Lines), 033-3028 0530

Fax : (+91) 33 2230 7555, Website : www.dhelakhat.com

GSTIN: 19AABCD0386Q1Z5

REPORT OF THE AUDIT COMMITTEE OF DHELAKHAT TEA COMPANY LIMITED DATED 06TH JANUARY, 2023 CONSIDERING THE DRAFT SCHEME OF AMALGAMATION UNDER SECTION 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 BETWEEN RYDAK SYNDICATE LIMITED ("TRANSFEREE COMPANY") AND DHELAKHAT TEA COMPANY LIMITED ("TRANSFEROR COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS.

Present

1. Mr. Rakesh Macwan, Chairman of Audit Committee
2. Ms. Suparna Chakrabortti, Member of Audit Committee
3. Mr. Rajvinder Singh, Member of Audit Committee
4. Mr. Deepak Kumar Singh, Chief Financial Officer
5. Mr. Priyarup Mukherjee, Company Secretary

Other Invitees and Advisors/ Consultants were present at the meeting along with the Company Secretary

1. Background of the Proposed Scheme of Amalgamation

A meeting of the Audit Committee was held on 06th January, 2023 inter alia to consider and if thought fit, to recommend to the Board of Directors the proposed Scheme of Amalgamation (**Scheme**) between Rydak Syndicate Limited (**Transferee Company**) with Dhelakhat Tea Company Limited (**Transferor Company**) under the provisions of the Companies Act, 2013. The Appointed Date for the Scheme will be 01st April, 2022 or such other date as may be approved by the NCLT for the purpose of this Scheme and shall be operative from the Effective Date.



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The Scheme will be presented before the NCLT under Section 230 to 232 and other applicable provisions of the Act, the rules and regulations made thereunder and the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 ("**SEBI Master Circular**") and as amended from time to time.

In terms of the SEBI Master Circular, a Report from the Audit Committee is required recommending the draft Scheme taking into consideration inter alia the Valuation Report and commenting on the Rationale of the Scheme, impact of the Scheme on the shareholders, cost benefit of the Scheme and synergies of business of the entities involved in the Scheme. This Report of the Committee is made in order to comply with the requirements of the SEBI Master Circular.

2. Need for the Amalgamation and Rationale of the Scheme

- 2.1 The Scheme inter alia provides for amalgamation of the Transferor Company with the Transferee Company.
- 2.2 The amalgamation of the Transferor Company with the Transferee Company would inter alia have the following benefits:
 - a. The amalgamation would result in improving the potential for further expansion of the businesses by way of consolidation of capital base and increased borrowing strengths of the combined entity.
 - b. The amalgamation will result not only in consolidating and improving the internal systems, procedures and controls but will also bring greater management and operational efficiency due to integration of various similar functions being carried out by both the Companies.



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- c. Greater size, scale, financial strength and flexibility for the merged Transferee Company will result in maximizing and unlocking overall shareholders value.
- d. The amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Companies with saving in administrative cost and deriving economies of scale.
- e. The amalgamation would be advantageous to the combined entity by expanding its product portfolio through the inclusion of Orthodox producing Tea Estates. As a result, the merged Transferee Company will occupy a more dominant position in the industry through its wider "bouquet of teas i.e. CTC and Orthodox".

2.3 The following documents were placed before the Audit Committee:

- a. Draft Scheme of Amalgamation
- b. Share Exchange Ratio Report
- c. Fairness Opinion Report
- d. Pre Amalgamation shareholding pattern of the Transferor Company
- e. Pre and Post Shareholding pattern of the Transferee Company
- f. Financial Statement of the last 3 years of the Transferor Company and Transferee Company.

3. The Audit Committee reviewed and noted the Equity Share Exchange Ratio recommended in the Valuation report and confirmed the following exchange ratio:

"the Transferee Company will issue 325 (Three Hundred Twenty Five) equity shares of Rs.10/- each credited as fully paid up to the shareholders of Transferor Company for every 1000 (One Thousand)



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equity shares of Rs.10/- each fully paid up & held in the existing equity share capital of Transferor Company.”

4. Impact of the Scheme on the Shareholders

The Audit Committee was of the opinion that the Scheme is not detrimental to the interest of the shareholders of the Company.

5. Recommendations of the Audit Committee

The Audit Committee after due deliberation and due consideration of all the terms of the draft Scheme of Amalgamation, Equity Share Exchange Ratio/ Valuation Report, Fairness Opinion, Rationale of the Scheme, accounting treatment, impact of the Scheme on the Shareholders and other stakeholders mentioned above, recommends the draft Scheme of Amalgamation for favorable consideration by the Board of Directors of the Company, the Stock Exchange(s), SEBI and other applicable regulatory authorities.

This Report of the Committee is made in order to comply with the requirements of the Scheme circular after considering the necessary documents.

By order of the Audit Committee of Dhelakhat Tea Company Limited



Rakesh Macwan

Chairman of the Audit Committee

DIN: 01328442

Dated: 06/01/2023

Place: Kolkata