

REPORT ON SHARE EXCHANGE RATIO

MARCH 31, 2024

RYDAK SYNDICATE LIMITED

(Transferee Company)

&

DHELAKHAT TEA COMPANY LIMITED

(Transferor Company)

MADHUMITA KARAR

Registered Valuer- SFA
BBBI/RV/06/2018/10341



MK/RV/2024-25/1010

25th June 2024

The Board of Directors
Dhelakhat Tea Company Limited
4 Dr. Rajendra Prasad Sarani,
West Bengal, India,
Kolkata - 700001

The Board of Directors
Rydak Syndicate Limited
4 Dr. Rajendra Prasad Sarani,
West Bengal, India,
Kolkata - 700001

Dear Sirs,

Recommendation of Share Exchange Ratio for the proposed Scheme of Amalgamation of Dhelakhat Tea Company Limited with Rydak Syndicate Limited.

I refer to the engagement letter by, and dated 27th May, 2024 for giving recommendation of a fair Share Exchange Ratio of Equity Shares to be allotted by Rydak Syndicate Limited (**RSL, the Transferee**) to the shareholders of Dhelakhat Tea Company Limited (**DTCL, the Transferor Company**), for the proposed Scheme of Amalgamation of "Dhelakhat Tea Company Limited" with that of "Rydak Syndicate Limited".

The valuation exercise is carried out with reference to the scope of work as agreed in the Engagement Letter.

The management of Rydak Syndicate Limited and Dhelakhat Tea Company Limited is contemplating a Scheme of Arrangement pursuant to provisions of Section 230 to 232, read with section 66 and other relevant provisions of the Companies Act, 2013, as may be applicable.

In the context of the proposed Scheme of Amalgamation of "Dhelakhat Tea Company Limited" with that of "Rydak Syndicate Limited", you have approached me to assist in arriving at the Share Exchange Ratio for the purpose of issue of equity shares by Rydak Syndicate Limited to the shareholders of Dhelakhat Tea Company Limited.

Share Exchange Ratio is defined as the number of equity shares of Rydak Syndicate Limited to which a shareholder of Dhelakhat Tea Company Limited would be entitled to in proportion to his/ her/ its existing shareholding in Dhelakhat Tea Company Limited

Based on the assumptions and limiting conditions as described in this report, as well as the facts and circumstances as on the valuation date, the following Share Exchange Ratio is recommended that:

the shareholders of Dhelakhat Tea Company Limited in compensation for the amalgamation with Rydak Syndicate Limited, will receive 27 fully paid Equity Share of face value of Rs 10 each in Rydak Syndicate Limited for every 100 Dhelakhat Tea Company Limited's Equity Shares having a face value of Rs 10 each held by them.

A detailed valuation report is appended herewith.



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Executive Summary

Client Identity:

DHELAKHAT TEA COMPANY LIMITED (hereinafter referred to as “DTCL” or “Transferor Company”), having Corporate Identity Number L15492WB1917PLC002894 is a company incorporated on 19th November, 1917 registered with the Registrar of Companies, Kolkata and having its registered office at 4 Dr. Rajendra Prasad Sarani, Kolkata - 700001, in the state of West Bengal within the jurisdiction of Hon’ble National Company Law Tribunal, Kolkata Bench.

RYDAK SYNDICATE LIMITED (hereinafter referred to as “RSL” or “Transferee Company”), having Corporate Identity Number L65993WB1900PLC001417, is a company incorporated on 24th February, 1898 registered with the Registrar of Companies, Kolkata and having its registered office at 4 Dr. Rajendra Prasad Sarani, Kolkata - 700001, in the state of West Bengal within the jurisdiction of Hon’ble National Company Law Tribunal, Kolkata Bench.

Purpose of Valuation:

The purpose of the valuation is to determine the Share Exchange Ratio for the purpose of issue of equity shares by Rydak Syndicate Limited to the shareholders of Dhelakhat Tea Company Limited as a result of amalgamation of Rydak Syndicate Limited (“Transferee Company”) with that of Dhelakhat Tea Company Limited (“Transferor Company”)

Basis of Valuation

Fair Value

Premise of Valuation

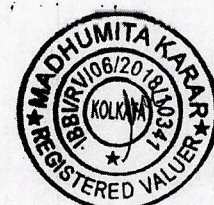
Going Concern

Date of Valuation:

31st March 2024

Valuation Synopsis

Valuation Approach	Valuation Method	Unit	Dhelakhat Tea Company Limited	Rydak Syndicate Limited
Market Approach	Comparable Companies Multiple	INR per share	459.81	1,627.47
Income Approach	Discounted Cash Flow	INR per share	223.27	1,092.32
Asset Approach	Adjusted book value	INR per share	562.02	1,847.14
Fair Value per share		INR per share	415.03	1,522.31
SWAP RATIO				0.27



Conclusion:

Based on the assumptions and limiting conditions as described in this report, as well as the facts and circumstances as on the valuation date, the following Share Exchange Ratio is recommended that:

the shareholders of Dhelakhat Tea Company Limited in compensation for the amalgamation with Rydak Syndicate Limited, receive 27 fully paid Equity Share of face value of Rs 10 each in Rydak Syndicate Limited for every 100 Dhelakhat Tea Company Limited's Equity Shares having a face value of Rs 10 each held by them.

Treatment of fractional shares shall be done as per the Scheme of Amalgamation



Company Background

DHELAKHAT TEA COMPANY LIMITED

Dhelakhat tea company limited, having Corporate Identity Number L15492WB1917PLC002894 is a listed public company incorporated on 19th November, 1917 under the provisions of the Companies Act, 2013 and having its registered office at 4 Dr. Rajendra Prasad Sarani, Kolkata-700001, in the state of West Bengal.

Dhelakhat Tea Company Limited is an Orthodox Tea Manufacturing Concern, working alongside its partner company Rydak Syndicate Ltd. The Company owns two tea estates in Upper Assam, namely Dhelakhat Tea Estate and Mohunbaree Tea Estate. It was founded in the early 1900s under British Control, then it was taken over in 1960s by the Jardine Henderson Group of companies. The company has maintained the quality production of its two well-known estates, and preserves the old methods of hygienic and nourishing manufacture along with modern standards.

The company is carrying on the business of harvesting, manufacturing and selling of tea and Tea Tourism business. The equity shares of the Company are listed on Calcutta Stock Exchange Limited ("CSE").

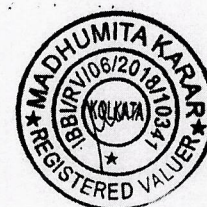
Ownership

The current shareholding pattern of the Company as on 31st March 2024 is as follows:

Name of Shareholders	No. of shares held	Face Value	% of Holding
Rydak Syndicate Ltd	62,924	10	16.02%
Kant and Company Ltd	60,407	10	15.38%
Sripadam Investments Ltd	54,248	10	13.81%
National Insurance Company	39,030	10	9.94%
Others/Public	1,76,161	10	44.85%
Total	3,92,770	10	100.00%

Directors and Key Managerial Persons:

Name	Designation
Deepak Kumar Singh	CFO
Rajvinder Singh	Director
Suparna Chakrabortti	Director
Ravindra Suchanti	Additional Director
Deepak Verma	Manager
Sunny Jalan	Company Secretary



RYDAK SYNDICATE LIMITED

Rydak syndicate limited, having Corporate Identity Number L65993WB1900PLC001417 is a listed public limited company incorporated on 24th February, 1898 under the provisions of the Companies Act, 2013 and having its registered office at 4 Dr. Rajendra Prasad Sarani, Kolkata-700001, in the State of West Bengal.

Rydak is one of the last proud torch-bearers of the rich legacy, regal art and life philosophies that defined the tea landscape of India in the 19th and 20th century. The Company was established in the year of 1898 and at present it combines inclusions of over 3 quarters of the last century, with mergers of the Baradighi, Mangaldai, Central Cachar, Rydak, and other tea companies from 1940 to 1960. In 1948, the Company joined the ever-expanding neighbourhoods of the Jardine Henderson group of companies.

The Company is having six estates namely Rydak, Baradighi, Kartick, Duklingia, Kopati and Serispore.

Ownership

The current shareholding pattern of the Company as on 31st March 2024 is as follows:

Name of Shareholders	No. of shares held	Face Value	% of Holding
Jardine Henderson Limited	4,85,366	10	49.88%
Kant and Company Ltd	1,00,687	10	10.35%
Sripadam Investments Ltd	81,100	10	8.33%
Monet Securities Private Ltd	58,990	10	6.06%
Others/Public	2,46,985	10	25.38%
Total	9,73,128	10	100%

Directors and Key Managerial Persons:

Name	Designation
Aditya Gupta	CFO
Subir Das	Director
Rajvinder Singh	Managing Director
Prabir Kumar Bhattacharjee	Director
Suparna Chakrabortti	Director
Pankaj Mahadeo Singh	Company Secretary
Ravindra Suchanti	Additional Director



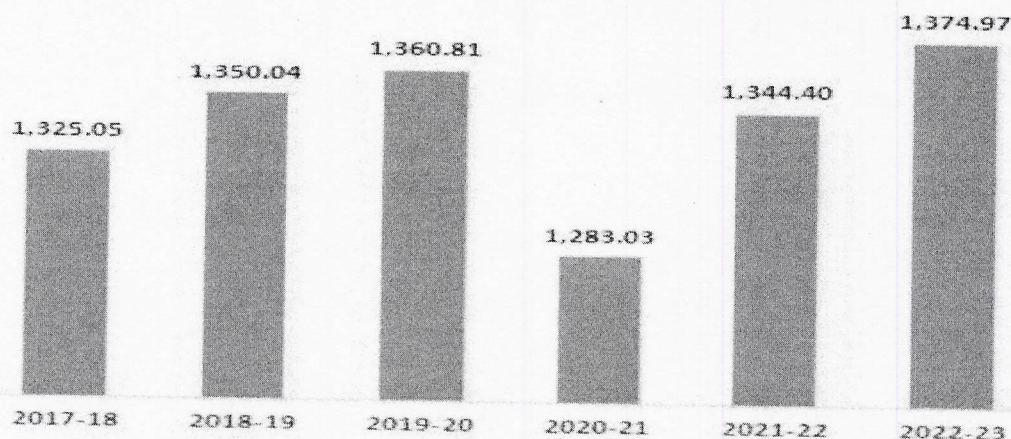
Industry Analysis

INTRODUCTION

India is the second-largest producer of tea globally. Indian tea is one of the finest in the world owing to strong geographical indications, heavy investment in tea processing units, continuous innovation, augmented product mix, and strategic market expansion. As of 2022, a total of 6.19 lakh hectares of area was cultivated in India for tea production. India is also among the world's top tea-consuming countries, with 80% of the tea produced in the country consumed by the domestic population. In 2022-23, India's tea production stood at 1,374.97 million kgs, compared to 1,344.40 million kg in 2021-22.

The Assam Valley and Cachar are the two tea-producing regions in Assam. In West Bengal, Dooars, Terai and Darjeeling are the three major tea producer regions. The southern part of India produces about 17% of the country's total production with the major producing states being Tamil Nadu, Kerala, and Karnataka.

Tea production in India (million kg)



Source: Tea Board of India

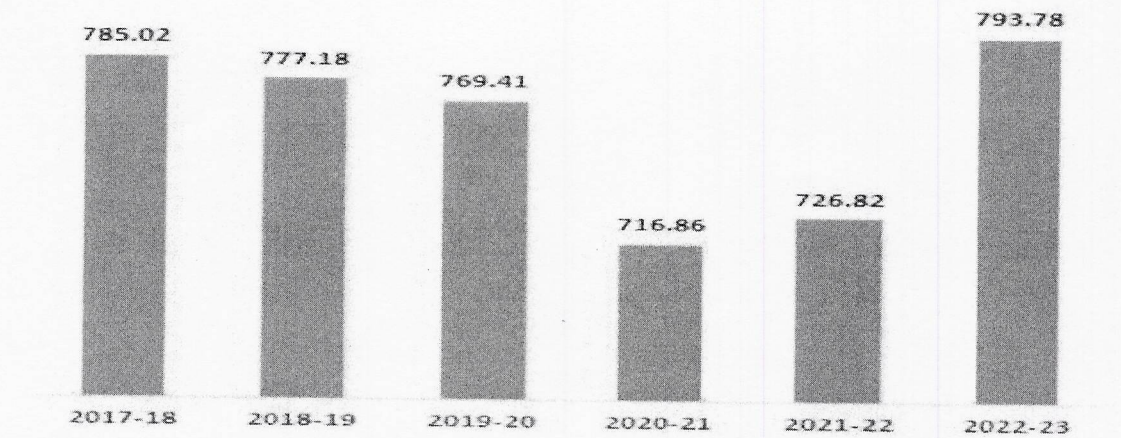
EXPORT TREND – TOTAL PRODUCT

India is among the top 5 tea exporters in the world making about 10% of the total exports. From April-February 2024, the total value of tea exports from India stood at US\$ 752.85 million. Indian Assam, Darjeeling, and Nilgiri tea are considered one of the finest in the world. Majority of the tea exported out of India is black tea which makes up about 96% of the total exports. The types of tea exported through India are black tea, regular tea, green tea, herbal tea, masala tea and lemon tea. Out of these, black tea, regular tea, and green tea make up approximately 80%, 16% and 3.5% of the total tea exported from India.

India's total tea exports during 2022-23 in quantity were 228.40 million kg and worth US\$ 793.78 million. During the financial year 2021-22 period, India exported tea in quantity were 200.79 million kg worth US\$ 726.82 million. In 2022-23, the unit price of tea was US\$ 3.48 per kg. From April 2023-January 2024, quantity of India's total tea exports stood at 199.84 million kg.



India Tea exports (US\$ million)



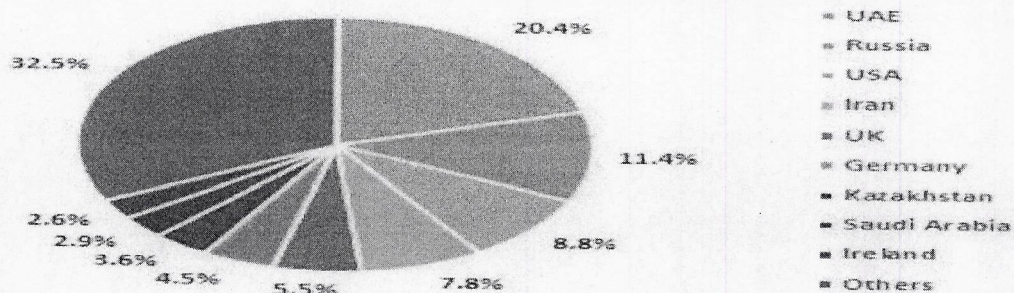
Source: Tea Board of India, Ministry of Commerce, and Industry

EXPORT BY COUNTRY

India exports tea to more than 25 countries throughout the world. Russia, Iran, UAE, USA, the UK, Germany, and China are some of the major importers of tea from India. During 2023-24 (Until January 2024) UAE, Iran and USA imported US\$ 120.29 million, US\$ 80.23 million and 69.20 million of tea from India. Iran, UAE, and the Russia are among India's top tea export destinations. During 2022-23, the three countries imported 16.51 million kgs, 42.44 million kgs and 43.11 million kgs of tea respectively from India. The value of total exports to these countries combined was US\$ 314.27 million during the same period.

During 2022-23, the exports to USA, Russia, Iran, UAE, and UK rose to 89%, 121%, 65%, 195% and 103% respectively. Some of India's other tea export destinations are Poland, Canada, Saudi Arabia, Egypt, Afghanistan, Bangladesh, China, Singapore, Sri Lanka, Kenya, Japan, Pakistan, and Australia, etc.

India's country-wise share revenue from tea exports (2022-23)



Source: Tea Board of India



GOVERNMENT INITIATIVES

To help the Indian exporters to market tea of Indian origin in overseas markets on a sustained basis, the Tea Board of India started a scheme: Promotion for packaged tea of Indian origin. The scheme assists in promotional campaigns - up to 25% of the cost reimbursement, display in international departmental stores, product literature and website development, and inspection charges reimbursement of up to 25% of the charges.

The Tea Board also provides subsidies to domestic exporters to participate in international fairs and exhibitions. The aim is to provide a platform for exporters to showcase their products at international events for promotion.

Tea Development and Promotion Scheme

This scheme was launched in November 2021 by the Tea Board of India for the period of 2021-26. The objective of this scheme is to enhance the productivity and quality of tea production in India. There are seven important components to this scheme,

- Plantation development of small tea farmers
- Creation of sector specific actions plan for North East India
- Supporting the tea producers and trader in market promotion activities
- Worker's welfare
- Research and development activities
- Regulatory reforms
- Establishment expenses

GOVERNING BODY – TEA BOARD OF INDIA

The Tea Board of India was set up in 1953 for the development of the tea industry in India. It started functioning in 1954. The board is located in Kolkata and has 17 offices across India. Being the regulatory body, the board exerts control over the producers, manufacturers, exporters, tea brokers, auction organizers and warehouse keepers through various control orders notified under the Tea Act. The responsibilities of the board are increasing production and productivity, improving the quality of tea, market promotion, and welfare measures for plantation workers, and supporting research and development.

Besides the development and regulatory framework, the Tea Board of India also undertakes direct promotional activities, including organizing joint participation in international fairs and exhibitions, arranging buyer and seller meets, and sending & hosting trade delegations. It also conducts market surveys, analyses, identifies, tracks consumer behaviour, and provides relevant and accurate information to importers and exporters.



Valuation Approaches, Methods & Bases

A. Valuation Approaches & Methods

As per paragraph 8 of the Indian Valuation Standard 103 - Valuation Approaches and Methods, of Indian Valuation Standards 2018 issued by The Institute of Chartered Accountants of India, there are three main valuation approaches:

1. Market approach;
2. Income approach; and
3. Cost approach.

1. **Market approach**

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

The following valuation methods are commonly used under the market approach:

- a) Market Price Method;
- b) Comparable Companies Multiple (CCM) Method; and
- c) Comparable Transaction Multiple (CTM) Method;

a) **Market Price Method**

Under this method a valuer shall consider the traded price observed over a reasonable period while valuing assets which are traded in the active market. A valuer shall also consider the market where the trading volume of asset is the highest when such asset is traded in more than one active market. A valuer shall also consider the market where the trading volume of asset is the highest when such asset is traded in more than one active market.

b) **Comparable Companies Multiple (CCM) Method**

Comparable Companies Multiple Method, also known as Guideline Public Company Method, involves valuing an asset based on market multiples derived from prices of market comparables traded on active market.

c) **Comparable Transaction Multiple (CTM) Method**

Comparable Transaction Multiple Method, also known as 'Guideline Transaction Method' involves valuing an asset based on transaction multiples derived from prices paid in transactions of asset to be valued /market comparables (comparable transactions).

2. **Income Approach**

Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount. The fair



value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

This approach involves discounting future amounts (cash flows/income/cost savings) to a single present value.

Some of the common valuation methods under income approach are as follows:

- a) Discounted Cash Flow (DCF) Method;
- b) Relief from Royalty (RFR) Method;
- c) Multi-Period Excess Earnings Method (MEEM);
- d) With and Without Method (WWM) and

a) Discounted Cash Flow ('DCF') Method

The DCF method values the asset by discounting the cash flows expected to be generated by the asset for the explicit forecast period and also the perpetuity value (or terminal value) in case of assets with indefinite life.

The DCF method is one of the most common methods for valuing various assets such as shares, businesses, real estate projects, debt instruments, etc.

b) Relief from Royalty (RFR) Method

RFR Method is a method in which the value of the asset is estimated based on the present value of royalty payments saved by owning the asset instead of taking it on lease. It is generally adopted for valuing intangible assets that are subject to licensing, such as trademarks, patents, brands, etc.

c) Multi-Period Excess Earnings Method (MEEM)

MEEM is generally used for valuing intangible asset that is leading or the most significant intangible asset out of group of intangible assets being valued.

d) With and Without Method (WWM)

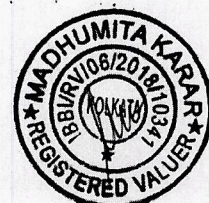
Under WWM, the value of the intangible asset to be valued is equal to the present value of the difference between the projected cash flows over the remaining useful life of the asset under the following two scenarios:

- i. business with all assets in place including the intangible asset to be valued; and
- ii. business with all assets in place except the intangible asset to be valued.

3. Cost Approach

Cost approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Two most commonly used valuation methods under the Cost approach:



- a) Replacement Cost Method; and
- b) Reproduction Cost Method.

a) Replacement Cost Method

Replacement Cost Method, also known as 'Depreciated Replacement Cost Method', involves valuing an asset based on the cost that a market participant shall have to incur to recreate an asset with substantially the same utility (comparable utility) as that of the asset to be valued, adjusted for obsolescence.

b) Reproduction Cost Method

Reproduction Cost Method involves valuing an asset based on the cost that a market participant shall have to incur to recreate a replica of the asset to be valued, adjusted for obsolescence.

B. Valuation Bases

As per paragraph 14 of the Indian Valuation Standard 102 - Valuation Bases, of Indian Valuation Standards 2018 issued by The Institute of Chartered Accountants of India, Valuation base means the indication of the type of value being used in an engagement. Different valuation bases may lead to different conclusions of value. Therefore, it is important for the valuer to identify the bases of value pertinent to the engagement. This Standard defines the following valuation bases:

- a) Fair value;
- b) Participant specific value; and
- c) Liquidation value

a) Fair Value

Fair value 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.

b) Participant Specific Value

Participant specific value is the estimated value of an asset or liability considering specific advantages or disadvantages of either of the owner or identified acquirer or identified participants.

c) Liquidation Value

Liquidation value is the amount that will be realised on sale of an asset or a group of assets when an actual/hypothetical termination of the business is contemplated/assumed.



Liquidation value can be carried out under the premise of an orderly transaction with a typical marketing period or under the premise of forced transaction with a shortened marketing period. The valuer must disclose whether an orderly or forced transaction is assumed. The net amount is determined after considering estimated cost of disposal.

C. Premise of Value

As per paragraph 37 of the Indian Valuation Standard 102 - Valuation Bases, of Indian Valuation Standards 2018 issued by The Institute of Chartered Accountants of India, Premise of Value refers to the conditions and circumstances how an asset is deployed. In a given set of circumstances, a single premise of value may be adopted while in some situations multiple premises of value may be adopted. Some common premises of value are as follows:

- a) highest and best use;
- b) going concern value;
- c) as is where is value;
- d) orderly liquidation; or
- e) forced transaction.

a) Highest and Best Use

The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

b) Going Concern Value

Going concern value is the value of a business enterprise that is expected to continue to operate in the future.

c) As-is-where-is Basis

As-is-where-is basis will consider the existing use of the asset which may or may not be its highest and best use.

d) Orderly Liquidation

An orderly liquidation refers to the realisable value of an asset in the event of a liquidation after allowing appropriate marketing efforts and a reasonable period of time to market the asset on an as-is, where-is basis.

e) Forced transaction

Forced transaction is a transaction where a seller is under constraints to sell an asset without appropriate marketing period or effort to market such asset.

The approach, method, base and premise of value is selected after considering the terms and purpose of the valuation engagement.



Selection of Valuation Methodology

As per the Regulation 165 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, in case of infrequently traded shares, the share price is determined by the issuer taking into account valuation parameters such as book value, comparable trading multiples, and other such customary parameters for valuation, and such valuation is required to be certified by independent valuer. Therefore, in terms of the above provisions the valuation approaches and method has been selected as below:

Market Approach	Comparable Companies Multiple
Income Approach	Discounted Cash Flow
Asset Approach	Adjusted Book Value

Valuation Under Market Approach

Since the shares of Rydak Syndicate Limited and Dhelakhat Tea Company Limited are listed in the Calcutta Stock Exchange but are infrequently traded shares, therefore Comparable Companies Multiple ("CCM") under Market Approach has been considered in this valuation.

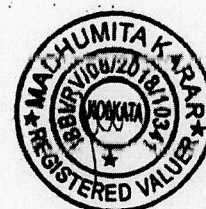
Under the CCM method, the value is determined on the basis of recent multiples derived from other comparable companies listed on the stock exchanges. This is based on the principle that the market price of the comparable companies incorporates all factors relevant to valuation. The selection of the comparable companies for computation of the Industry Multiple is based on annual turnover and asset size.

To arrive at the total value available to the equity shareholders, the value arrived under CCM method is calculated by EV/Sales and then it is adjusted for surplus non-operating investments and cash & cash equivalents.

Particulars	Dhelakhat Tea Company Limited	Rydak Syndicate Limited
Sales (in lakhs)	2,099.44	13,979.13
Industry Multiple	0.80	1.12
Enterprise Value	1,679.55	15,656.62

Particulars	Dhelakhat Tea Company Limited (Rs. In Lakhs)	Rydak Syndicate Limited (Rs. In Lakhs)
Enterprise Value	1,679.55	15,656.62
Add: Surplus Assets	126.45	180.71
Total	1,806.01	15837.32
No. of Equity Shares (in lakhs)	3.93	9.73
Value per Equity Share (in Rs.)	459.81	1,627.47

Detailed computation of Industry Multiple is given in Appendix A.



Valuation under Income Approach

The Discounted Cash Flow (“DCF”) method being the most appropriate method under Income Approach is selected for the purpose of valuation. DCF approach is based on the theory that the total value of a business is the present value of its projected future cash flows, plus the present value of the terminal value.

The discounted cash flow analysis estimates the future cash flows that would be available to a shareholder based on normal operations. In order to project the Company’s future, cash flows reasonably and accurately, a thorough review of the Company’s historical financial statements and detailed discussions with management was completed.

Forecasting free cash flow to shareholders

Free cash flow to the shareholders (FCFE) represents the cash flow that a company generates in an accounting period, after paying operating expenses and making necessary expenditures. This cash flow represents the return to shareholders.

FCFE can be calculated from the statement of cash flows as follows:

$$\text{FCFE} = \text{Net Income} + \text{Depreciation \& Amortization} - \text{Capital expenditures} - \text{Increase in working capital} - \text{Net Repayment of Debt}$$

Cash Flow from operation (Net Income)

The profit after tax as calculated above in the projections plus depreciation and non-cash charges is taken as the Net Income for stating the computation of free cash flow to shareholders.

Net Capital Expenditure

To underpin growth, companies need to keep investing in capital items such as property, plants and equipment. Net capital expenditure is calculated by taking change in gross fixed asset disclosed in a company’s projected balance sheet.

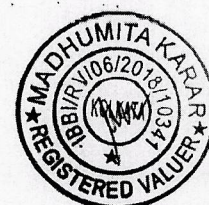
Change in Working Capital

Working capital refers to the cash a business requires for day-to-day operations or, more specifically, short-term financing to maintain current assets such as debtors. The faster a business expands the more cash it will need for working capital and investment.

Working capital is calculated as current assets minus current liabilities. Net change in working capital are the difference in working capital levels from one year to the next. When more cash is tied up in working capital than the previous year, the increase in working capital is treated as a cost against free cash flow.

Net Repayment of Debt

Net Repayment of Debt represents new debt borrowed as reduced by the debt repaid.



Discount Rate

Having projected the company's free cash flow for the next years, the worth of the cash flows as on date is required. That means selecting an appropriate discount rate which can be used to calculate the net present value (NPV) of the cash flows. The cost of equity has been taken as discounting factor for discounting the free cash flows to the shareholders.

Cost of Equity

The annual rate of return that an investor expects to earn when investing in shares of a company is known as the cost of equity. That return is composed of the dividends paid on the shares and any increase (or decrease) in the market value of the shares. The most commonly accepted method for calculating cost of equity comes from the capital asset pricing model (CAPM).

$$\bar{r}_a = r_f + \beta_a(\bar{r}_m - r_f)$$

Where:

r_f = Risk free rate

β_a = Beta of the security

\bar{r}_m = Expected market return

R_f - Risk-Free Rate - This is the amount obtained from investing in securities considered free from credit risk, such as government securities. R_f has been taken to be 7.05 % which is Yield on 10 yrs India Bond Yield as on valuation date. (Source: www.investing.com)

β - Beta - This measure how much a company's share price moves against the market as a whole. A beta of one, for instance, indicates that the company moves in line with the market. If the beta is in excess of one, the share is exaggerating the market's movements; less than one means the share is more stable. Occasionally, a company may have a negative beta (e.g. a gold mining company), which means the share price moves in the opposite direction to the broader market. Levered Beta of the industry has been considered to be same as that of the company which is 0.61 (Source: www.damodaran.com)

R_m - Expected Market Return - is assumed to be the Compound Annual Growth Rate (CAGR) of the Bombay Stock Exchange Sensex. The CAGR is computed based on the BSE Sensex values till the valuation date which comes to 15.79%.

$$\text{Cost of equity} = R_f + \beta (R_m - R_f) = 7.05\% + 0.61 \times (15.79\% - 7.05\%) = 12.36\%$$

Discounted Free Cash Flow to Shareholders (DFC)

All future cash flows are estimated and discounted to give their present values (PVs) – the sum of all future cash flows, both incoming and outgoing, is the net present value (NPV), which is taken as the value or price of the cash flows.



$$DCF = \frac{CF_1}{(1+r)^1} + \frac{CF_2}{(1+r)^2} + \dots + \frac{CF_n}{(1+r)^n}$$

CF = Cash Flow

r = discount rate (WACC)

Terminal Value (T.V)

The terminal value is the value of the company's expected cash flow beyond the explicit forecast horizon.

There are several ways to estimate a terminal value of cash flows, but one well known method is to value the company as a perpetuity using the Gordon Growth Model. The model uses this formula:

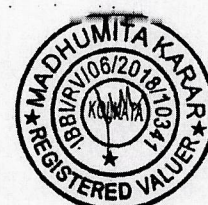
$$\text{Terminal Value} = \frac{\text{Final Projected Year Cash Flow} \times (1 + \text{Long-Term Cash Flow Growth Rate})}{(\text{Discount Rate} - \text{Long-Term Cash Flow Growth Rate})}$$

This formula is however based on the assumption that the cash flow of the last projected year will stabilize and continue at the same rate forever. In the valuation exercise the cash flow of the Company is assumed to be stabilized after the projection period and continue to grow at a rate of 5% for Rydak Syndicate Limited and at a rate of 4% for Dhelakhat Tea Company Limited.

The Computation of Fair Value per share using Income approach is as tabulated below:

Particulars	Dhelakhat Tea Company Limited (Rs. In Lakhs)	Rydak Syndicate Limited (Rs. In Lakhs)
Discounted Free Cash Flow to Shareholder	152.19	803.56
Add: Present Value of Terminal Value	598.30	9,645.40
Value to Equity Shareholders	750.49	10,448.96
Add: Surplus Assets	126.45	180.71
Value to Equity Shareholders	876.94	10,629.67
No. of Equity Shares (in lakhs)	3.93	9.73
Value per Equity Share	223.27	1,092.32

Discounted free-cash method of valuation of equity share of Dhelakhat Tea Company Limited and Rydak Syndicate Limited are given in more detailed manner in the Appendix B.



Valuation under Asset Approach

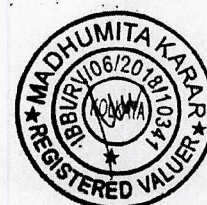
The Asset based method views the business as a set of assets and liabilities that are used as building blocks of a business value. The difference in the value of these assets and liabilities on an Adjusted Book Value basis or Realizable Value basis or Replacement Cost basis is the business value. However, this methodology recognizes historical cost of net assets only without recognizing its present earnings, comparative financial performance of its peers and their enterprise values etc.

Under Assets approach valuation has been carried out under Adjusted book value method based on the latest available accounts of the Company.

The Computation of **Fair Value per share** using Asset approach is as tabulated below:

Valuation Approach	Dhelakhat Tea Company Limited (in Lakhs)	Rydak Syndicate Limited (in Lakhs)
Asset Approach – Adjusted Book value	2,207.43	17,975.01
No. of Equity Shares (in lakhs)	3.93	9.73
Fair Value per Equity Share (in Rs)	562.02	1,847.14

Detailed Computation of Adjusted Book Value is given in the Appendix C.



Valuation Summary

Valuation Approach	Valuation Method	Unit	Weight	Dhelakhat Tea Company Limited		Rydak Syndicate Limited	
				Value per Share (Rs)	Weight X Price	Value per Share (Rs)	Weight X Price
Market Approach	Comparable Companies Multiple	INR per share	100%	459.81	459.81	1,627.47	1,627.47
Income Approach	Discounted Cash Flow	INR per share	100%	223.27	223.27	1,092.32	1,092.32
Asset Approach	Adjusted book value	INR per share	100%	562.02	562.02	1,847.14	1,847.14
Fair Value per share		INR per share	300%	415.03		1,522.31	

The Computation of Share Exchange Ratio is as tabled below:

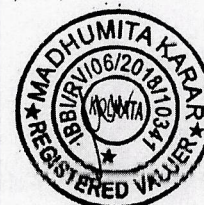
Particulars	Dhelakhat Tea Company Limited	Rydak Syndicate Limited
Fair Value per Equity Share (in Rs)	415.03	1,522.31
Share Exchange Ratio	0.27	

In accordance with the Scheme of Amalgamation, the shares of DTCL will get extinguished as a result of the amalgamation and the Transferor Company shall be dissolved.

Recommendation

Based on the forgoing and on the consideration of all the relevant factors and circumstances as discussed and outlined herein above, pursuant to the Scheme of Amalgamation of "Dhelakhat Tea Company Limited" with that of "Rydak Syndicate Limited", recommended Share Exchange Ratio is:

that shareholders of DTCL should, in compensation for the amalgamation with RSL, will receive 27 fully paid Equity Shares of face value of Rs 10/- each in RSL for every 100 Equity Shares of DTCL having a face value of Rs 10/- each held by them.



Sources of Information

For the purpose of arriving at the Share Exchange Ratio, the following sources of information have been relied upon:

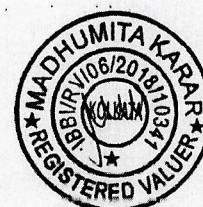
- Financial Statements of Dhelakhat Tea Company Limited and Rydak Syndicate Limited as on 31st March 2024.
- Projections of Dhelakhat Tea Company Limited and Rydak Syndicate Limited, as provided by the management.
- Valuation Reports of all the 6 estates of Rydak Syndicate Limited and 2 estates of Dhelakhat Tea Company Limited.
- Discussion with the management.
- Such other information and explanations as required, and which have been provided by the Management.
- Other Information as available in public domain.



Contingent and Limiting Conditions

This appraisal is made subject to the following general contingent and limiting conditions:

1. The recommendation contained herein is not intended to represent Share Exchange Ratio at any time other than the date of 31st March 2024.
2. This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of my engagement; (ii) the Valuation Date and (iii) are based on the data detailed in section Sources of Information. Events and transactions occurring after the date hereof may affect this Report and the assumptions used in preparing it, and I do not assume any obligation to update, revise or reaffirm this Report, unless required by regulatory authorities.
3. The recommendation rendered in this Report only represent my recommendation based upon information furnished by the Companies and obtained from other sources and the said recommendation shall be considered to be in the nature of non-binding advice (my recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).
4. The determination of 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. Hence, there is, no single undisputed Share Exchange Ratio. While I have provided my recommendation of the Share Exchange Ratio based on the information available to me and within the scope of my engagement, others may have a different opinion.
5. In the course of the valuation, I was provided with both written and verbal information, including information detailed in section — Sources of Information. In accordance with the terms of my engagements, I have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this Report and (ii) the accuracy of information made available to me by the Companies. In accordance with my Engagement Letter and in accordance with the approach adopted in valuation exercises, I have not audited, reviewed or otherwise investigated the financial information provided to me. I have not independently investigated or otherwise verified the data provided by the Companies. Accordingly, I do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Companies, I have been given to understand by the Management of the Companies that they have not omitted any relevant and material factors about the Companies. My conclusions are based on the assumptions and information given by and on behalf of the Companies and reliance on public information. The Management of the Companies has indicated to me that they have understood that any omissions, inaccuracies or misstatements may materially affect my valuation analysis/results.
6. Accordingly, I assume no responsibility for any errors in the information furnished by the Companies or obtained from public domain and their impact on the Report. However, nothing has come to my attention to indicate that the information provided / obtained was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the Report.



7. The Management has represented that the business activities of the Companies have been carried out in the normal and ordinary course between 1st April 2023 and 31st March 2024 and the Report date and no material adverse change has occurred in their respective operations and financial position between the respective aforementioned date and the Report date.
8. The Report assumes that the Companies comply fully with 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 specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/unaudited balance sheet of the Companies. My conclusion of value assumes that the assets and liabilities of the Companies and their subsidiaries, reflected in their respective latest balance sheets remain intact as of the Report date.
9. No investigation / inspection of the Companies' claim to title of assets has been made for the purpose of this Report and the Companies' claim to such rights has been assumed to be valid. Therefore, no responsibility is assumed for matters of a legal nature.
10. The fee for the engagement is not contingent upon the results reported.
11. This Report is subject to the laws of India and should be used in connection with the Scheme.
12. No change in any item in this valuation/conclusion report shall be made by anyone other than me and I shall have no responsibility for any such unauthorized change.
13. Possession of this report, or a copy thereof, does not carry with it the right of publication of all or part of it nor may it be used for any purpose by anyone other than those enumerated in this report without my written consent. This report and the conclusion of the value arrived at herein are for the exclusive use of my client for the sole and specific purposes as noted herein.



DISTRIBUTION OF REPORT

This report has been issued to recommend the Share Exchange Ratio on amalgamation and vesting of "Transferee Undertaking" i.e. Rydak Syndicate Limited with Dhelakhat Tea Company Limited based on Scheme of Amalgamation between RSL & DTCL and their respective shareholders and should not be distributed or considered for any other purpose.

Yours faithfully,

Madhumita Karar



M. Karar
Registered Valuer-Securities or Financial Assets
IBBI/RV/06/2018/10341
UDIN: 24067844BKGZBQ5860

APPENDIX-A

Valuation under Comparable Companies Multiple Method

RYDAK SYNDICATE LIMITED

Companies	EV/Sales Multiple	Weights Assigned
Harrison Malyalam Limited	0.80	20%
Dhunseri Tea Industries Ltd	1.00	20%
Tyroon Tea Company Ltd	0.90	20%
Kanco Tea and Industries Ltd	0.90	20%
The Peria Karamalai Tea & Produce Co. Ltd	2.00	20%

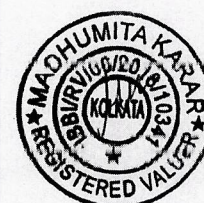
Weighted Avg Industry Multiple	1.12	100%
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DHELAKHAT TEA COMPANY LIMITED

Companies	EV/Sales Multiple	Weights Assigned
Harrison Malyalam Limited	0.80	20%
James Warren Tea Limited	0.70	20%
Jayshree Tea and Industries Ltd.	0.80	20%
Terai Tea Co. Ltd	0.80	20%
Kanco Tea and Industries Ltd	0.90	20%

Weighted Avg Industry Multiple	0.80	100%
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The multiples so arrived above have been applied to the Total Sales of the Company as on March 31st, 2024 to arrive at the enterprise values.



APPENDIX-B

Valuation under Discounted Cash Flow Method

Rydak Syndicate Limited

Rs. in Lakhs

Free Cashflow Method of Valuation as on 31.03.2024						
Particulars	Estimated 2024-25	Projected 2025-26	Projected 2026-27	Projected 2027-28	Projected 2028-29	Projected 2029-30
Profit after Tax	550.18	691.31	893.69	1,066.03	1,625.53	1,925.56
Add: Depreciation	341.78	358.86	376.81	395.65	403.56	411.63
Cashflow from Operations	891.96	1,050.17	1,270.50	1,461.68	2,029.09	2,337.19
Less: Working capital change	99.50	(68.41)	(120.07)	(0.88)	132.40	136.59
Less: Capex	502.69	775.63	1,010.29	1,146.32	794.46	438.06
Less: Repayment of Debt	380.98	325.00	225.00	283.25	900.00	500.00
Free Cash Flow to Shareholders	(91.22)	17.96	155.28	32.99	202.24	1,262.54
Year	1	2	3	4	5	6
Present Value of future cash flows at Ke	(81.18)	14.23	109.46	20.70	112.93	627.43
Sum of Present Value of future cash flows						803.56
Growth rate						5%
Terminal Value						19,408.91
Present value of Terminal Value						9,645.40
Value to Equity Shareholders						10,448.96
Add: Surplus Assets						180.71
Value for Equity Shareholders						10,629.67
No. of Equity Shares (in Lakhs)						9.73
Value per Equity Share (in Rs.)						1,092.32



Dhelakhat Tea Company Limited

Rs. in Lakhs

Free Cashflow Method of Valuation as on 31.03.2024					
Particulars	Estimated 2024-25	Projected 2025-26	Projected 2026-27	Projected 2027-28	Projected 2028-29
Profit after Tax	145.72	129.27	174.17	156.23	219.74
Add: Depreciation	42.56	43.84	45.15	46.51	47.90
Cashflow from Operations	188.28	173.11	219.33	202.74	267.64
Less: Working capital change	70.85	50.31	91.16	68.38	99.91
Less: Capex	84.37	88.58	93.01	97.66	82.04
Free Cash Flow to Shareholders	33.07	34.22	35.15	36.70	85.69
Year	1	2	3	4	5
Present Value of future cash flows at Ke	29.43	27.11	24.78	23.02	47.85
Sum of Present Value of future cash flows					152.19
Growth rate					4%
Terminal Value					1,071.49
Present value of Terminal Value					598.30
Value to Equity Shareholders					750.49
Add: Surplus Assets					126.45
Value for Equity Shareholders					876.94
No. of Equity Shares (in Lakhs)					3.93
Value per Equity Share (in Rs.)					223.27

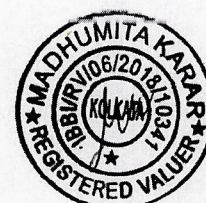


APPENDIX-C

Valuation under Adjusted Book Value Method

Computation of Fair Value per share of Rydak Syndicate Limited (RSL or the "Transferee Company")

Adjusted NAV of Rydak Syndicate Limited as on 31.03.2024			
SL. No.	PARTICULARS	Book value (in lakhs)	Restated value (in lakhs)
A.	ASSETS		
	1. Non-Current Assets		
	-Property Plant & Equipment	7,436.89	18,295.41
	-Right to Use Asset	42.94	42.94
	-Capital Work-in-Progress	490.68	490.68
	-Investment other than Associate	80.55	80.55
	-Deferred Tax Assets	407.35	407.35
	2. Current Assets		
	- Inventories	3,021.14	3,021.14
	- Biological Assets other than bearer plants	56.32	56.32
	- Trade Receivables	166.34	166.34
	- Cash & Cash Equivalents	100.16	100.16
	- Other financial assets	63.61	63.61
	- Current Tax Assets (Net)	524.04	524.04
	- Other Current Assets	298.98	298.98
	Total	12,689.00	23,547.52
B.	LIABILITIES		
	1. Non-Current Liabilities		
	- Borrowings	565.73	565.73
	- Provisions	961.99	961.99
	- Other Non-Current financial liabilities	1,043.95	1,043.95
	- Lease Liability - Non Current	36.58	36.58
	2. Current Liabilities		
	- Borrowings	264.23	264.23
	- Trade Payables	950.41	950.41
	- Lease Liability	7.71	7.71
	- Other Financial Liabilities	1,327.87	1,327.87
	- Other Current Liabilities	66.13	66.13
	- Provisions	347.90	347.90
	Total	5,572.51	5,572.51
C.	Net Asset Value (A-B)	7,116.50	17,975.01
D.	Number of Shares(in lakhs)	9.73	9.73
E.	NAV per share (in Rs.)	(C/D)	1,847.14



Computation of Fair Value per share of Dhelakhat Tea Company Limited (DTCL or the "Transferor Company")

Adjusted NAV of Dhelakhat Tea Company Limited as on 31.03.2024			
SL. No.	PARTICULARS	Book value (in lakhs)	Restated value (in lakhs)
A.	ASSETS		
	1. Non-Current Assets		
	-Property Plant & Equipment	1,412.79	3,221.00
	-Capital Work-in-Progress	76.64	76.64
	-Non-Current Investments	116.69	116.69
	-Other Financial Assets	13.30	13.30
	-Non Current Tax Assets	13.90	13.90
	-Deferred Tax Assets	50.49	50.49
	- Other Non-Current Assets	50.35	50.35
	2. Current Assets		
	- Inventories	313.65	313.65
	- Biological Assets other than bearer plants	15.87	15.87
	- Trade Receivables	138.73	138.73
	- Cash & Cash Equivalents	9.36	9.36
	- Other Bank Balances	0.40	0.40
	- Other Current Assets	92.71	92.71
	Total	2,304.88	4,113.09
B.	LIABILITIES		
	1. Non-Current Liabilities		
	- Provisions	136.91	136.91
	2. Current Liabilities		
	- Borrowings	505.06	505.06
	- Trade Payables	453.68	453.68
	- Other Financial Liabilities	689.28	689.28
	- Other Current Liabilities	13.70	13.70
	- Provisions	81.00	81.00
	- Current Tax Liabilities	26.03	26.03
	Total	1,905.66	1,905.66
C.	Net Asset Value (A-B)	399.22	2,207.43
D.	Number of Shares(in lakhs)	3.93	3.93
E.	NAV per share (in Rs.)	(C/D)	562.02



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

To whomsoever it may concern

Ref: Scheme of Amalgamation between Rydak Syndicate Limited ("Transferee Company") and Dhelakhat Tea Company Ltd ("Transferor Company") and their respective shareholders and creditors ("Scheme")

This is to certify that no material event impacting the valuation has occurred during the intervening period of filing the Scheme documents with Stock Exchange and period under consideration for valuation.

Thanking You

Yours faithfully

For Dhelakhat Tea Co. Limited



Rajvinder Singh
Director
DIN: 06931916



Date: Kolkata

Place: 10th July, 2024