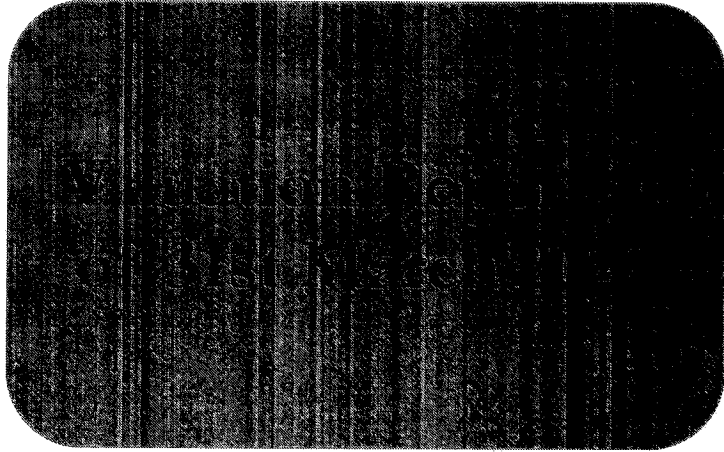


RYDAK SYNDICATE LIMITED



Harsha Saraf
Chartered Accountant
&
Registered Valuer



Private and Confidential

Dated: 1st November 2022.

To,
The Board of Directors

Rydak Syndicate Limited
4, Dr. Rajendra Prasad Sarani, Kolkata-700001

AND

Dhelakhat Tea Company Limited
4, Dr. Rajendra Prasad Sarani, Kolkata-700001

Subject: Valuation to determine Share Exchange /Swap Ratio for the Proposed Scheme of Composite Scheme of Arrangement between the Companies Dhelakhat Tea Company Limited with Rydak Syndicate Limited as of 31st March 2022.

Dear Sir,

I have been requested by the management of Rydak Syndicate Limited (hereinafter referred to as "RSL" or "Transferee"), to determine Share Exchange /Swap Ratio for the proposed Composite Scheme of Arrangement between the Companies Dhelakhat Tea Company Limited (hereinafter referred to as "DTCL") with Rydak Syndicate Limited .

I, Harsha Saraf, Registered Valuer (Securities and Financial Assets) -IBBI (hereinafter referred as "the Valuer") have been appointed as the Valuer for performing the valuation analysis to determine the Swap Ratio as on as of 31st March 2022. (Hereafter referred to as the "Valuation Date").

Enclosed please find the Valuation Report containing underlying assumptions and detailed workings.

Scope and Purpose of this Report

The valuation exercise is carried out with reference to the scope of work as agreed in the Engagement Letter dated **10th October 2022**.

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 (hereinafter referred to as the "Scheme") Subject to necessary approval and also read with sections 2(1B) and 2 (19AA) and other relevant sections of the Income Tax Act,1961, as may be applicable, for the amalgamation and vesting of Dhelakhat Tea Company Limited with Rydak Syndicate Limited.

In this context, the management of the Companies has approached the Valuer to recommend the share exchange/ swap ratio to them as on **31st March 2022**.



Summary of the Report

Based on the valuation analysis of the Companies, in my assessment, the exchange / swap ratio pursuant to the proposed Scheme of arrangement is as follows:

<u>Companies (Resulting)</u>	<u>Companies (Amalgamating)</u>	<u>Exchange Ratio as on 31st March 2022</u>
Rydak Syndicate Limited	Dhelakhat Tea Company Limited	325:1000

The Valuer has based this recommendation on information provided and represented by the management of the Companies and did not independently verify the information provided to the Valuer in that regard. The validity of the valuation depends on the completeness and accuracy of the information provided to the Valuer by the Companies.

The Valuer has applied valuation techniques and methods that conform to accepted valuation practices.

Harsha Saraf



Harsha Saraf

Registered Valuer – Securities or Financial Assets

Registration. No: IBBI/RV/06/2019/11425

Place: Kolkata

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1. SCOPE & PURPOSE OF THIS WORK

Based on my discussions with the management of the Companies, I understand that the Companies 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, subject to necessary approval, and also read with sections 2(1B) and 2 (19AA) and other relevant sections of the Income Tax Act,1961, as may be applicable. Additionally, this Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

I have been given to understand that in order to, inter-alia, simplify the current organizational structure, it is proposed to enter into a Scheme of arrangement wherein, pursuant to the applicable provisions of the Companies Act, 2013 and subject to the approvals, it is proposed for amalgamation and vesting of Dhelakhat Tea Company Limited with Rydak Syndicate Limited.

The Scheme is proposed to effect pursuant to provisions of Sections 230 to 232 and other relevant provisions of the Companies Act, 2013.

The Draft Scheme deals with transfer and vesting, legal proceedings, employees, consideration accounting treatment etc. for amalgamation and vesting of Dhelakhat Tea Company Limited with Rydak Syndicate Limited on a going concern basis.

Subject to necessary approvals, the Appointment Date of the Scheme is proposed to be **first day of April 2022** or approved by the National Company Law Tribunal (Tribunal), Kolkata Bench (as defined hereunder), being the date from which the provisions of this Scheme shall be applicable.

In this regard, I have been requested to issue a report containing recommendations regarding the share exchange/swap ratio, in respect of the above.

As represented by the management, the Companies forming part of the Scheme belongs to the same management group and post the approval to the Scheme there shall be no change in the management and control of the Transferee and there will be no impact on the economic beneficial interest of the shareholders of the companies, pursuant to the Scheme.

Value Definition

Business valuation can be undertaken in a variety of contexts and for a variety of purposes. To begin with any valuation process, it is most pertinent to identify the type of value relevant to the transaction/case as different standards of value would yield different valuation figures for the same business interest. In the given context, **Fair value** is considered as the appropriate standard of value.

Fair value is defined as:

“The fair value of an asset (or liability) is the amount at which that asset (or liability) could be bought (or incurred) or sold (or settled) in a current transaction between willing parties, that is, other than in a forced or liquidation sale.”



Premise of value

The present valuation of the firm undertaken on a **Going Concern Premise** i.e., on the premise that the firm will continue to operate in future and earn cash flows.

Scope of Analysis

The Valuer has based this recommendation on information provided and represented by the management of the Companies.

My review and analysis included, but not necessarily limited to, the following steps:

- Interviews with management concerning its assets, liabilities, financial and operating history of the Companies.
- Analysis of the existing and proposed holding patterns of the Companies.
- Analysis of any contingent liabilities of the Companies.
- Analysis of future expected earnings of the Companies.
- Representations given by the management.

Valuation Date

As per the request of the management, the valuation analysis has been performed as of 31st March 2022.

Conflict of Interest

There is no conflict of interest on valuation analysis of the businesses of the Companies. My fee is not contingent upon the opinion expressed herein. This report is subject to the terms and conditions of the agreement as outlined in the engagement letter between the Valuer and the Companies.

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2. BACKGROUND OF THE COMPANIES

1. Rydak Syndicate Limited

Rydak Syndicate Limited (RSL) (CIN- L65993WB1900PLC001417) is a company, incorporated on 24/07/1900 with its registered office at 4, Dr. Rajendra Prasad Sarani, Kolkata-700001, West Bengal.

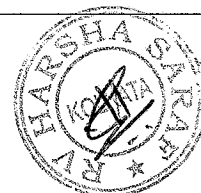
As per the Memorandum of Association of the Company, it was formed with main objective of to open out on any lands acquired by or belonging to the Company, such Tea Gardens and plantations as shall be considered expedient for the purposes of the Company, and to carry on the business of planting and cultivating the Tea plant and the manufacture and sale of Tea and to carry on all such business connected with the acquisition, hiring, leasing, planting, irrigation and cultivation of lands and the rendering merchantable and disposing of the produce thereof as are usually or may conveniently be associated with the plantation, and cultivation of Tea Gardens, and the manufacture, export and sale of Tea.

The Authorized and paid-up share capital as on 31st March 2022 of the company is as under:

Authorized Share Capital	Amount (INR)
12,00,000 Equity Share of Rs. 10/- each	1,20,00,000
Total	1,20,00,000
Issued, Subscribed and Fully Paid-Up Share Capital	Amount (INR)
9,73,128 Equity Share of Rs. 10/- each fully paid up	97,31,280
Total	97,31,280

Details of Shareholders as on 31st March 2022		
Particulars	No of Shares	% Of Holdings
Jardine Henderson, Limited	4,85,366	49.88%
Sripadam Investments Ltd.	81,100	8.33%
Kant & Co. Ltd.	1,00,687	10.35%
Monet Securities Private Limited	58,990	6.06%
Others	2,46,985	25.38%
Total	9,73,128	100%

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2. Dhelakhat Tea Company Limited

Dhelakhat Tea Company Limited (DTCL) (CIN-L15492WB1917PLC002894) is a company, incorporated on 19th November 1917 with its registered office at 4, Dr. Rajendra Prasad Sarani, Kolkata-700001, West Bengal.

As per the Memorandum of Association of the Company, it was formed with main objective of to acquire other lands in the province of Assam and elsewhere in (British) India, the Straits Settlements, Ceylon or the Far East and any machinery, works, stock, plant, movable or immovable property of any kind and wheresoever situate, including concessions and easements or rights and privileges of any kind and to open out on the side lands or any of them such tea gardens and plantations as shall be considered expedient for the purposes of the Company and to plant, cultivate, export, buy and sell tea, tea seed and other produce of the soil, and to prepare, manufacture and render the same marketable, and to buy, sell, trade and deal in any such produce either in its prepared, manufactured or raw state, and to manufacture, and sell tea shook, tea boxes, seed boxes and other articles and in connection with the cultivation, manufacture, packing or sale of tea and any other produce of the soil, and to carry on any business connected with any of the above purposes or convenient to be carried on therewith.

The Authorised and paid-up share capital as on 31st March 2022 of the company is as under:

Authorized Share Capital	Amount (INR)
5,00,000 Equity shares of Rs. Ten each	50,00,000
Total	50,00,000
Issued, Subscribed and Fully Paid-Up Share Capital	Amount (INR)
3,92,770 Equity shares of Rs. Ten each	39,27,700
Total	39,27,700

Details of Shareholders as on 31st March 2022		
Particulars	No of Shares	% Of Holdings
Rydak Syndicate Limited	62,924	16.02%
Sripadam Investments Ltd.	54,248	13.81%
Kant & Co. Ltd.	60,407	15.38%
Vibha Leasing Private Limited	19,800	5.04%
Others	1,95,391	49.76%
Total	3,92,770	100%

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3. SOURCE OF INFORMATION

In connection with this exercise, I have received following information from the management: -

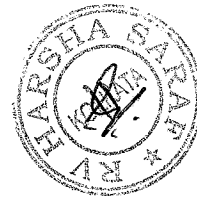
- Audited financial statement Dhelakhat Tea Company Limited and Rydak Syndicate Limited for the year ended 31st March 2022 and for the year ended March 31st, 2021.
- Memorandum of Association & Article of Association of all the Companies.
- Latest Company Master Data of all the Companies from ROC.
- Shareholding Pattern of the Companies as on 31st March 2022, duly certified by the management of the respective Companies.
- Draft Scheme of Arrangement (as duly certified by the management) under section 230 to 232 read with Section 66 and other relevant provisions of the Companies Act, 2013, as may be applicable.
- Written Representations made by the Company in course of the valuation exercise.
- Other relevant information and documents for the purpose of this engagement.
- Fair Valuation of the Properties as provided by the management.
- Details of Investment- (Quoted & Unquoted) and the relevant documents required to arrive at the fair market value of such investments.
- Cash Certificate as on 31st March 2022.
- Bank Statement as on 31st March 2022.

Besides the above listing, there may be other information provided by the Companies, which may not have been perused by me in any detail, if not considered relevant for my defined scope.

Discussions (physical/over call) with the management to: Understand the business and fundamental factors that affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance.

During the discussions with the management, I have also obtained explanations and information considered necessary for this exercise.

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4. VALUATION METHODOLOGY AND APPROACH

The valuation has been carried out on a fair value basis as described under Ind AS 113.

The proposed scheme of amalgamation contemplates the merger of Dhelakhat Tea Company Limited and Rydak Syndicate Limited would require determining the relative value of the equity shares of Dhelakhat Tea Company Limited and Rydak Syndicate Limited .

These values are to be determined independently, but on a relative basis for the Companies.

There are several commonly used and accepted methods for determining the fair exchange ratio for the proposed merger of Dhelakhat Tea Company Limited and Rydak Syndicate Limited, which have been considered in the present case, to the extent relevant and applicable, and subject to availability of information, including:

1. Market price method
2. Comparable companies' multiples methods
3. Discounted cash flows method
4. Net asset value method

Market price method

The market price of equity shares as quoted on a stock exchange, where the shares regularly and freely traded in, is normally considered as the value of the equity shares of the company.

In the present case, the Companies are unlisted private company. Hence, I have not used the market price method.

Comparable companies multiple ("CCM") method

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

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

Though from the nature of business, in which the companies operate, have multiple comparable companies in the market, however they are much larger in size of revenue and scale of business as compared to entity under consideration, hence are not comparable currently. Hence, I have not considered the CCM method.

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Discounted cash flow (“DCF”) method

Under the DCF method the projected free cash flows to the equity shareholders are discounted at the cost of equity. 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 are available to the providers of the company’s equity capital.

Appropriate discount rate to be applied to cash flows i.e., the cost of equity:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to the equity capital providers (namely equity shareholders). The opportunity cost to the equity capital provider equals the rate of return the equity capital provider expects to earn on other investments of equivalent risk.

I have not used the DCF method. The financial projections of the Companies depend upon the amalgamation and therefore, the method will not be relevant enough to be applied. Further, the future earnings of the company are dependent upon the amalgamation of the Companies.

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 realizable value basis or replacement cost basis. This valuation approach may be used in cases where the assets base dominates the earnings capability.

The difference between the value of all assets and the value of all liabilities is the value of the company. The adjusted NAV encompasses valuation of all the company’s assets, tangible and intangible, whether they are presently recorded on the balance sheet. The value of shares can be ascertained by dividing the value of net assets by the number of shares.

The valuation as carried out by using Net Asset Value (NAV) method having regard to information base, management representation, key underlying assumptions and limitations and considering the facts that the business after the proposed amalgamation of the specified companies are intended to be continued on going concern basis.

I have used Adjusted NAV method, as the Company have business activities, however it is inconsistent over the period. There is no definitive trend available to forecast in the future.

All the assets and liabilities available with the Companies was identified in terms of value and can be revalued. Based on discussion with management, adjustment for non-recurring transaction in FY 2021-22 were made to arrive at the Adjusted NAV.

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5. **VALUATION ANALYSIS AND OPINION**

This analysis is undertaken to compute the fair value of the companies as on the valuation date using the accepted valuation method.

Details of the Companies and determination of Net Asset Value (NAV) as on 31st March 2022:

(Amount in INR)

Sl.No	Companies	Assets	Liabilities	NAV
1	Rydak Syndicate Limited	2,35,48,38,552	55,51,34,044	1,79,97,04,508
2	Dhelakhat Tea Company Limited	40,55,83,235	16,93,17,934	23,62,65,301

The broad framework used while arriving at the value of the Companies is as follows:

Determine Net Assets Value per share as on 31st March 2022:

Based on the audited financials provided by the management I have determined the Net Assets value of each of the company by deducting the Liabilities from the Assets.

I have then divided the calculated Net Assets Value of the Companies by the Number of Outstanding Shares as on Valuation Date to determine the Net Assets Value Per Share as on the Valuation Date.

(Amount in INR)

Sl.No	Companies	NAV (A)	No. of Shares (B)	NAV/Shares (C) = A/B
1	Rydak Syndicate Limited	1,79,97,04,508	9,73,128	1,849.40
2	Dhelakhat Tea Company Limited	23,62,65,301	3,92,770	601.54

Determine the Share Exchange /Swap Ratio:

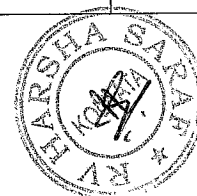
Based on the scheme of arrangement as identified by the management of amalgamation of Dhelakhat Tea Company Limited and Rydak Syndicate Limited.

Rydak Syndicate Limited would allot its shares to the shareholders of Dhelakhat Tea Company Limited and in the share swap ratio proposed. The economic interest of the shareholders of DTCLL (the Amalgamating Company) in the paid-up equity share capital of RSL (the Resulting Company) would be the same as it is in the paid-up equity share capital of their respective Companies.

Based on the NAV per share for the Companies, I have determined the swap exchange / swap ratio pursuant to the proposed Scheme of arrangement.

(Amount in INR)
as on 31st March 2022

Resulting Transferee Company	Amalgamating Transferor Company	NAV/ Share of Transferee (consolidated) (A)	NAV/ Share of Transferor (B)	Swap Ratio/ Exchange Ratio (B/A)
Rydak Syndicate Limited	Dhelakhat Tea Company Limited	1,849.40	601.54	0.32526



Assumptions used in fair valuation as on 31st March 2022.

1. The valuation report is based on the premise of 'Going Concern value.' Going concern value is the value of a business enterprise that is expected to continue to operate in the future.
2. There are no contingent liabilities of the Companies.
3. The valuation will fluctuate with changes in the prevailing market conditions, the conditions prospects, financial and otherwise, of the Companies, and other factors which influence the valuation of Companies and its assets.
4. The above merger will be creating Goodwill for the Resulting Company.
5. All the trade receivables are 100% realizable and the security deposit is refundable to the company.

Note:

1. Pursuant to the scheme of Amalgamation, it is proposed that the consideration would be discharge of issue of equity shares by RSL, to all shareholders of DTCL.
2. Accordingly, there is no change in the beneficial ownership of the Companies under the amalgamation.
3. 325 Equity Shares of RSL having face value of Re. 10 each for one thousand Equity shares of DTCL having face value of Rs. 10/- each.

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6. **STATEMENT OF LIMITING CONDITIONS**

I have called for and have been provided with by the management of the Companies various data, accounts, and statements from time to time for the purpose of carrying out the valuation of DTCL and RSL.

To arriving at the swap ratio, I have relied on the information provided to me by the management, which I believe to be reliable, and my conclusions are dependent on and subject to such information being complete and accurate in all material respects.

I am not required to and have not carried out any due diligence review, technical or validation of such financial and other information to establish the accuracy or sufficiency of the financial statements referred to above or of the information, explanations and representations provided to me.

Accordingly, I do not express an opinion or any other form of assurance and accept no responsibilities for the same. I have been given to understand that the management would be able to substantiate the information, projections and other representations, if challenged in future.

Since the valuation is based on the information provided, for which the management accepts full and sole responsibility, and the analysis has been limited to the data provided, my valuation is subject to these limitations. My reliance and use of this information should not be considered as an expression of my opinion on it, and I do not and will not accept any responsibility or liability for the impact of any inaccuracies in the information provided for my valuation.

I have not conducted the site review of the subject business premises neither do I confirm the accuracy of the financial statements of the Companies provided to me. It is assumed that these statements are true and correct.

The scope of my services is to conduct a relative (and not absolute) valuation of equity shares of the Companies with accepted professional standards.

This valuation reflects facts and conditions existing or foreseeable at the valuation date. Subsequent events have not been considered, and I have no obligation to update the report for such events and conditions after 31st March 2022.

My engagement for this valuation consulting work does not include any procedures designed to discover any defalcations or other irregularities, should any exist.

No change to any item in this valuation/conclusion report shall be made by anyone other than me and I shall have no responsibility for any unauthorized change.



7. CAVEAT

As you are aware, by its very nature, valuation work cannot be regarded as an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose.

The valuation conclusions arrived at in many cases is by their very nature subjective and dependent on the exercise of individual judgment. Given the same set of facts and using the same assumptions, expert opinions may differ due to the number of separate judgment decisions, which must be made. There can therefore be no standard formulae to establish an indisputable value, although certain formulae are helpful in assessing reasonableness.

It may be pointed out that valuations are based on estimates of future financial performance or opinions that represent reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis would vary from these estimates, and the variations may be material.

Considering the dynamic environment and pace of technological developments, the market value of the business engaged in high technology such as simulation and training and resources optimization, etc. may change significantly in a short period of time.

The actual market price achieved may be higher or lower than my estimate of value range depending on the circumstances of the transaction and the nature of the business (for example, the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. The final transaction price is something on which the parties themselves must agree. I also emphasize that my opinion is not the only factor that should be considered by parties in agreeing to the transaction price.

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8. **DISTRIBUTION OF REPORT**

The report is prepared solely for the purpose stated in the Engagement Letter and should not be used for any other purpose. Except as specifically stated in the report, the report and its contents may not be quoted or referred to, in whole or in part, in any registration statement, prospectus, public filing, loan agreement, or other agreement or document without the prior written approval of the valuer. Except as set forth in this report, the report is prepared for client use only and may not be reproduced or distributed to any third parties without Valuer's prior written consent.

In case the Companies propose to make available my report to any other third party, it shall seek my written consent. While this consent would not be unreasonably withheld, I will require holding harmless letter in a form expressly agreed by me from each party to whom the report on Equity Valuation is proposed to be given. In such case, I will not accept any liability / responsibility to such parties to whom the Report is shown. The contents of this report will not be disclosed to any other party.

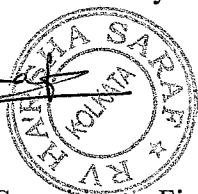
While due care has been exercised in carrying out the engagement, I shall not accept any responsibility or liability to third parties to whom my Report may have been shown or into whose hands it may come. Such parties are advised to carry out their own independent assessment or to obtain professional advice before taking relevant decisions.

My report is not, nor should it be construed as my opining or certifying the compliance of the merger with the provisions of any law including companies, taxation and related laws or as regards any legal implications or issues arising from such proposed merger.

Testimony

The Valuer and its employees shall not provide any testimony or appear in any legal proceeding unless I coordinate such testimony.

Haesha Saraf



Harsha Saraf
Registered Valuer – Securities or Financial Assets
Registration. No: **IBBI/RV/06/2019/11425**
Place: Kolkata