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**Valuation cum Exchange Ratio Report for Proposed Scheme of
Amalgamation**

(UNDER SECTION 391 & 394 OF THE COMPANIES ACT, 1956)

OF

JAY SHREE TEA & INDUSTRIES LIMITED
(Transferor Company)

WITH

MAJHAULIA SUGAR INDUSTRIES PRIVATE LIMITED
(Transferee Company)

Notice to the Reader

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This valuation report has been submitted by Salarpuria & Partners and has been solely for the purpose of Scheme of amalgamation and not for any other purpose. The report is confidential and for the use of persons to whom it is issued. This report has the limited scope identified in it.



1. TERM & CONTEXT OF OUR APPOINTMENT:

Jay Shree Tea & Industries Limited has appointed us vide letter dated 3rd August, 2015 to study and give valuation cum Exchange Ratio Report on issue of Equity Share Capital in Majhaulia Sugar Industries Private Limited to Jay Shree Tea & Industries Ltd. in lieu of transfer of "Sugar Division" to said Majhaulia Sugar Industries Private Limited pursuant to the proposed "Scheme of Arrangement" ("Schemes") under Section 391 to 394 of the Companies Act, 1956 and applicable provisions of the Companies Act 2013.

2. INFORMATION BASE & REPRESENTATION :

For the purpose of this assignment, we have relied on the following information and documents made available to us by Jay Shree Tea & Industries Limited and Majhaulia Sugar Industries Private Limited.

- Audited Balance Sheet and Statement of Profit & Loss of Jay Shree Tea & Industries Limited as at 31st March 2014 and 31st March 2015 and unaudited financial statements after limited review by auditors as on 30th June 2015.
- The Certificate of Incorporation of Majhaulia Sugar Industries Private Limited.
- Proposed Financial Statement of accounts as on 30th September 2015 of "Sugar Division" which is to be transferred to Majhaulia Sugar Industries Private Limited.



- It has been informed to us that there are no events and/or demand decisions - legal or otherwise against the companies which have arisen/will arise subsequent to appointed date and are likely to affect materially the state of affairs of accounts as on date and/or the future maintainable profits or its net assets.
- Memorandum and Article of Associations of Jay Shree Tea & Industries Limited and Majhaulia Sugar Industries Private Limited.
- Capital Structure and Shareholding details of Jay Shree Tea & Industries Limited.
- Draft Scheme of Arrangements U/s.391 and 394 of the Companies Act 1956.

3. **KEY UNDERLYING ASSUMPTIONS :**

For the purpose of this report, we have assumed that :

- Companies/unit are going concern and will continue to remain so even after demerger in future. Accordingly, historical datas/figures as disclosed in the accounts submitted to us have primarily been considered for the purpose of this report save and except in the case of Fixed Assets of "Sugar Division" where we have relied on the valuation report of the approved valuer.
- For the purpose of this assignment we have relied upon and accepted the information and representations made available to us by the management of the Companies.



4. BRIEF ANTECEDENTS :

i) JAY SHREE TEA & INDUSTRIES LIMITED :

A Public Limited listed entity registered under the Companies Act, 1913, vide registration no L15491WB1945PLC012771 and having its Registered Office situated at "Industry House", 10, Camac Street, 15th Floor , Kolkata 700017 in the State of West Bengal.

The company has an Authorized Capital of ₹ 2,900.00 Lacs divided into 5,80,00,000 Equity Shares of ₹ 5/- each. The Issued Capital is ₹ 1,445.14 Lacs divided into 2,89,02,786 Equity Shares of ₹5/- each. The Subscribed and Paid up Capital is ₹ 1,443.87 Lacs divided into 2,88,77,488 Equity Shares of ₹5/- each fully paid up.

MANAGEMENT AND ORGANISATIONS :

The Board of Directors consists of following directors ;-

- Mr. B.K. Birla – chairman
- Mrs. Jayashree Mohta- Vice Chairperson
- Mr. B.M. Khaitan
- Mr.G.P. Goenka
- Mr. Prashant Jhawar
- Mr. S.S. Kothari
- Mr. S. K. Tapuriah
- Mr. Subodh Kumar Agarwal
- Mr. Vikash Kandoi- executive Director
- Mr. D.P. Maheshwari- Managing Director



BUSINESS ACTIVITIES

The company is mainly engaged in the business of cultivation and manufacture of tea. It owns several tea estates across India and overseas and also has chemicals & fertilizer Units at West Bengal and Haryana besides Tea Warehousing at Kolkata and Kochi. It has Sugar Mill at Majhulia, Bihar which is to be demerged.

ii) **MAJHAULIA SUGAR INDUSTRIES PRIVATE LIMITED :**

A) **HISTORY OF THE COMPANY :**

The company has been incorporated on 31st July 2015 under the provisions of the Companies Act, 2013 vide registration no U15122WB2015PTC207281 dated 31st July 2015 and is having its registered office situated at P-7, Transport Depot Road, Kolkata 700088 in the State of West Bengal.

The company has an Authorized Share Capital of ₹ 10,00,000/- divided into 1,00,000 Equity Shares of ₹ 10/- each and the Issued, Subscribed and Paid up Share Capital is ₹ 1,00,000 divided into 10,000 Equity Shares of ₹ 10/- each fully paid.



BUSINESS ACTIVITIES :

The main object of the company is to carry on the business of manufacturing and sale of sugar and its allied products. The company has been incorporated to take over as a going concern business of "Sugar Division" of Jay Shree Tea & Industries Limited which ultimately will become 100% subsidiary of the said company.

B) MANAGEMENT AND ORGANISATIONS :

The Company is being managed and controlled by its Board of Directors consisting of two directors namely Mr. Rajesh Sarda and Mr Chinni Lal Shukla.

5. PROPOSAL :

Jay Shree Tea & Industries Limited is proposing a "Scheme of Arrangement" under provisions of Sections 391 and 394 of the Companies Act, 1956 for hiving off its "Sugar Division" with all its Assets and Liabilities (as reflected in proposed financial statements of "Jay Shree Sugar Mill" as on 30.09.2015) to Majhulia Sugar Industries Private Limited and accordingly from the aforesaid date "Jay Shree Sugar Mill" of Jay Shree Tea & Industries Limited shall pursuant to Section 394(2) of the Act and without any further act or deed be transferred to and vested in and be deemed to have been transferred to and vested in Majhulia Sugar Industries Private Limited with all estate, interest, Assets and Liabilities as reflected in financial statements of Jay Shree Sugar Mill as on date and other particulars stated in the Scheme. The scheme envisages Majhulia Sugar Industries Private Limited shall be issuing equity shares to Jay Shree Tea & Industries Limited in consideration for the transfer of Assets and Liabilities of "Sugar Division" as stated in the Scheme .



6. BASIS OF VALUATION :

Based on the representation and assumptions given above, the following basis has been duly examined before arriving at a particular method of valuations for the purpose of determining exchange ratios for the "Scheme".

A. NET ASSET VALUE METHOD :

- The Net Asset Value method is being followed to compare the net assets of Sugar Division (which is to be demerged as on date) at the consideration value as per Scheme with the net assets of the transferor company on the basis of historical figures otherwise stated elsewhere. The difference between Total Assets and Liabilities represents the net assets of such unit/Company.
- The objective of the valuation process is to make a reasonable judgment of the value of unit/Company as going concern. Since Companies and unit of the company involved here are doing Business as going concern, so it is prudent to consider historical figures for the purpose of calculation save and except in the case of Fixed Assets of Sugar Division where we have relied on the valuation report of the approved valuer.
- In view of the comparison of net assets of unit which is to be demerged with the net assets of transferor company has been considered appropriate for the purpose of arriving the number of equity shares to be issued in consideration of transfer of Sugar Division to Majhaulia Sugar Industries Private Limited.



- The net assets of the Jay Shree Sugar Mill which is to be demerged from Transferor Company the assets and liabilities are taken at value in to consideration as those stated in the proposed financial statement of the said unit as on 30.09.2015.

B. PROFIT EARNING CAPACITY VALUE METHOD :

- Profit earning capacity value method will be calculated by capitalizing the average of Profit after tax for the last three years. By adopting this method we find out a value of business on its earning capacity and objective is to arrive a true/realistic estimate of further maintainable earning of the business.
- In case of sugar manufacturing Companies/units capitalization rate may vary between 9% - 13%.
- The crux of estimating "Profit Earning Capacity Value" lies in the assessment of future maintainable earnings of the business while the past trends in Profits and Profitability would serve as a guide. It shouldn't be overlooked that the valuation is for the future and that it is the future maintainable stream of earnings that is for greater significance in the process of valuation. All relevant factors that have a bearing on the future maintainable earnings of the business must therefore be given due consideration.
- Profit earning capacity value method has not been applied since both Jay Shree Tea & Industries Limited and Majhaulia Sugar Industries Private Limited belong to different industry segment and at the same time Majhaulia Sugar Industries Private Limited is a newly formed company.



C. **DISCOUNTED CASH FLOW METHOD (DCF METHOD) :**

- Discounted Cash Flow Method is being calculated by capitalizing the future cash flow/earnings of unit/company.
- The cash flow forecast is based on past experience and carries synergistic elements in it. In simple exercise considering time value of money the growth rate can be introduced and on forecasted cash flows or projected earning a suitable discounting rate can be given for earnings of say next five years and net present value arrived after discounting can be compared for the purpose of arriving valuation cum exchange ratio of the scheme.
- So discounted cash flow method or future earning approach may give better and fairer valuation of the business of company/unit. It should not be overlooked that the valuation is for the future and that it is the future maintainable stream of earning that is for greater significance in the process of valuation.
- As per management due to changing scenario in view of proposed scheme it is not possible to give future projections of the Sugar Division to be demerged and of Jay Shree Tea & Industries Limited after demerger. So we have not considered this method.



7. THE RATIONALE :

For the purpose of arriving at the fair ratio of equity shares to be issued by Majhaulia Sugar Industries Private Limited under the Scheme of Arrangement to Jay Shree Tea & Industries Limited, we have examined different basis of valuations as mentioned and explained in Para 6 above and have considered and relied on various details, data, accounts and statements as furnished from time to time and explanation and information as made available to us.

Accordingly after considering all aspect in details we have come to a concrete conclusion that net assets valuation method to be appropriate and relevant in this case.

In addition to all relevant fact we have also considered the following factors to arrive at a fair and justified exchange ratio with number of shares to be issued :

- Comparison of the net assets of "Sugar Division" being demerged as mentioned in the scheme with net assets of Jay Shree Tea & Industries Limited where "Jay Shree Sugar Mill" will be demerged as per the scheme.
- The Valuation of the "Sugar Division" of "Jay Shree Tea & Industries Limited" has been considered at Historical Cost save and except in the case of Fixed assets of the "Sugar Division", where we have relied on the valuation report of the approved valuer.
- Since Majhaulia Sugar Industries Private Limited has been incorporated to acquire going concern business of "Sugar Division" of Jay Shree Tea & Industries Limited consequent to the demerger, as such there is no reasonable and comparative net asset of Majhaulia Sugar Industries Private Limited. Hence we have considered the net asset value of Jay Shree Tea &



Industries Limited for the purpose of issuing equity shares in connection with proposed demerger of the "Sugar Division".

- Since the Tea Industry is seasonal in nature and considering the same we have relied and considered the Audited balance Sheet as at 31st March 2015 of Jay Shree Tea & Industries Limited to arrive at the Book value of the equity shares and in case of Sugar Division we have considered financial statements (proposed) to be transferred as on 30.09.2015.
- Control to be exercised by the shareholders of two companies would continue to be the same and rights/obligations of shareholders are not being affected. The equity shares to be issued by "Majhaulia Sugar Industries Private Limited" shall rank pari passu in all respect with the existing equity shares
- No fractional certificate shall be issued by "Majhaulia Sugar Industries Private Limited " as there will be no fractional entitlement in terms of the Scheme.
- Majhaulia Sugar Industries Private Limited will become a 100% subsidiary of Jay Shree Tea & Industries Limited.

8. **OUR RECOMMENDATIONS :**

Having regard to the information based and representation supplemented by rational for the proposed "Scheme of Arrangement" as mentioned under Para 7 and on the basis of Net Assets of "Jay Shree Sugar Mill" (as given to us by management) and Net Assets of Jay Shree Tea & Industries Limited and as per calculated and explained in enclosed Annexure A, we are of the opinion that the allotment of shares in Majhaulia Sugar Industries Private Limited to Jay Shree Tea & Industries Limited will be as follows :



BY ADOPTING AND CONSIDERING NET ASSETS BASIS WE MAY CONCLUDE THAT :

Majhaulia Sugar Industries Private Limited will issue 31,25,000 Equity Shares of ₹ 10/- each as fully paid up to Jay Shree Tea & Industries Limited.

9. **CAVEAT :**

By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will be of necessity 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 have to be made. There can therefore be no standard formulas to establish an indisputable value, although certain formulas are helpful in assessing reasonableness.

**For SALARPURIA & PARTNERS
CHARTERED ACCOUNTANTS
(Firm ICAI Reg. No.302113E)**

Place : Kolkata

Date : 3rd August 2015

Nihar Ranjan Nayak

N. R. Nayak
Chartered Accountant
Membership No. - 57076
Partner



ANNEXURE ' A '

Jay Shree Sugar Mill

PROPOSED NET ASSETS AS ON 30th September 2015

NET ASSETS VALUE METHOD	(Amount is Lacs)	
ASSETS		
NON CURRENT ASSETS		
Fixed assets (As per Valuation Report)	8,036.29	8,036.29
CURRENT ASSETS		
Inventories	5,640.00	
Trade Receivables	180.00	
Cash & Bank Balances	350.00	
Short Term Loan & Advances	330.00	
Other assets	2,650.00	9,150.00
		<u>17,186.29</u>
LESS		
LIABILITIES		
NON CURRENT LIABILITIES		
Long Term Borrowing	2,930.27	
Other Long Term Liabilities	137.59	3,067.86
		<u>3,067.86</u>
CURRENT LIABILITIES		
Trade payable	5,290.00	
Other current Liabilities	745.00	
Short Term provisions	83.42	6,118.42
		<u>6,118.42</u>
TOTAL ASSETS VALUE		8,000.00
Less:		
deduction , if any		-
NET ASSET VALUE		<u>8,000.00</u>

JAI SHREE TEA & INDUSTRIES LIMITED

NET ASSETS AS ON 31st March 2015

	(Amount is Lacs)	
Share Capital		1,443.87
Reserve & Surplus		35,623.46
Net Assets		<u>37,067.33</u>
Value per Equity Shares of Rs. 10/- each		256.72
(No. of Shares has been converted from Rs.5/- each to Rs. 10/- each)	1,44,38,744	
Equity Shares of Rs. 10/- each to be issued	80,00,00,000.00	
(Net Assets of Jay Shree Sugar Mill / 256)	256.00	31,25,000.00
Rounded off		31,25,000.00



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**Valuation cum Exchange Ratio Report for Proposed Scheme of
Amalgamation**

(UNDER SECTION 391 & 394 OF THE COMPANIES ACT, 1956)

OF

JAY SHREE TEA & INDUSTRIES LIMITED
(Transferor Company)

WITH

JAYANTIKA INVESTMENT & FINANCE LIMITED
(Transferee Company)

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This valuation report has been submitted by Salarpuria & Partners and has been solely for the purpose of Scheme of amalgamation and not for any other purpose. The report is confidential and for the use of persons to whom it is issued. This report has the limited scope identified in it.



1. TERM & CONTEXT OF OUR APPOINTMENT:

Jay Shree Tea & Industries Limited has appointed us vide letter dated 3rd August, 2015 to study and give valuation cum Exchange Ratio Report on issue of Equity Share Capital in Jayantika Investment & Finance Limited (Formerly known as Parvati Tea Company Limited) to Jay Shree Tea & Industries Limited in lieu of transfer of 65,28,810 Equity shares of Jay Shree Tea & Industries Limited held by Jay Shree Beneficiary Trust Unit holding equity shares for the benefit of the shareholders of the Company to Jayantika Investment & Finance limited pursuant to the proposed "Scheme of Arrangement" ("Schemes") under Section 391 to 394 of the Companies Act, 1956.

2. INFORMATION BASE & REPRESENTATION :

For the purpose of this assignment, we have relied on the following information and documents made available to us by Jayshree Tea & Industries Limited and Jayantika Investment & Finance Limited.

- Audited Balance Sheet and Statement of Profit & Loss of Jay shree Tea & Industries Limited as at 31st March 2014 and 31st March 2015.
- Audited balance sheet and Statement of Profit & Loss of Jayantika Investment and Finance Limited as at 31st March 2014 and 31st March 2015.
- The copy of trust deed of Jay Shree beneficiary Trust Unit and names of its present Trustees.
- It has been informed to us that there are no events and/or demand decisions - legal or otherwise against the companies which have arisen subsequent to the appointed date and are likely to affect materially the state of affairs of accounts as on date and/or the future maintainable profits or its net assets.



- Memorandum and Article of Associations of Jay Shree Tea & Industries Limited and Jayantika Investment & Finance Limited.
- Capital Structure and Shareholding details of Jay Shree Tea & Industries Limited.
- Market quotation from Stock exchange of equity shares of Jay Shree Tea & Industries Limited.
- Draft Scheme of Arrangements U/s.391 and 394 of the Companies Act.

3. KEY UNDERLYING ASSUMPTIONS :

For the purpose of this report, we have assumed that :

- Companies are going concern and will continue to remain so in future too. Accordingly, historical data/figures as disclosed in the accounts submitted to us have primarily been considered for the purpose of this report save and except market value of Investment taken into consideration as at 31.03.2015 in case of Jayantika Investment & Finance Limited.
- For the purpose of this assignment we have relied upon and accepted the information and representations made available to us by the management of the respective companies and representing unit.



4. BRIEF ANTECEDENTS :

i) JAY SHREE TEA & INDUSTRIES LIMITED :

- A Public limited listed entity registered under the Companies Act, 1913 vide registration no. L15491WB1945PLC012771 and having its Registered Office situated at "Industry House", 10, Camac Street, 15th Floor, Kolkata 700017 in the State of West Bengal.
- The company has an Authorized Capital of ₹ 2,900.00 Lacs divided into 5,80,00,000 Equity Shares of ₹ 5/- each. The Issued Capital is ₹ 1,445.14 Lacs divided into 2,89,02,786 Equity Shares of ₹5/- each. The Subscribed and Paid up Capital is ₹ 1,443.87 Lacs divided into 2,88,77,488 Equity Shares of ₹5/- each fully paid up. The equity shares of the Company are listed on recognized stock exchange.

MANAGEMENT AND ORGANISATIONS :

The Board of Directors consists of following directors :-

1. Mr. B.K. Birla – chairman
2. Mrs. Jayashree Mohta- Vice Chairperson
3. Mr. B.M. Khaitan
4. Mr. G.P. Goenka
5. Mr. Prashant Jhawar
6. Mr. S.S. Kothari
7. Mr. S. K. Tapuriah
8. Mr. Subodh Kumar Agarwal
9. Mr. Vikash Kandoi - executive Director
10. Mr. D.P. Maheshwari - Managing Director



BUSINESS ACTIVITIES

The company is mainly engaged in the business of cultivation and manufacture of tea. It owns several tea estates across India and overseas and also has chemicals & fertilizer Units at West Bengal and Haryana besides Tea Warehousing at Kolkata and Kochi. It has Sugar Mill at Majhaulia, Bihar which is also being demerged.

ii) **JAYANTIKA INVESTMENT & FINANCE LIMITED (FORMERLY PARVATI TEA COMPANY LIMITED)** :

A) **HISTORY OF THE COMPANY:**

- A Public limited entity registered under the Companies Act, 1956 vide registration no. U65993WB2001PLC162070 and having its Registered Office situated at "Industry House", 10, Camac Street , 15th Floor , Kolkata 700017 in the State of West Bengal.
- The company has an Authorized Capital of ₹ 1,50,00,000 divided into 10,00,000 Equity Shares of ₹10/- each and 50,000 Preference shares of ₹ 100/- each. The Issued, Subscribed and Paid up Capital of the company is ₹ 1,29,50,000 divided into 9,95,000 Equity Shares of ₹10/- each fully paid and 30,000/- preference shares of ₹ 100/- each fully paid up.
- The Company is a 100% subsidiary of Jay Shree Tea & Industries Limited.

B) **BUSINESS ACTIVITIES :**

The Company is engaged in the business of investing in shares / securities and providing Finance etc.



C) MANAGEMENT AND ORGANISATIONS :

The company is being managed by its directors namely, Mr. Ramesh Kumar Ganeriwala, Mr. Pradip Kumar Agarwal and Mr. Hari Prasad Maheshwari.

5. PROPOSAL :

Jay shree Tea & Industries Limited is proposing a "Scheme of Arrangement" under provisions of Sections 391 and 394 of the Companies Act, 1956 for hiving off its "Jay Shree Beneficiary Trust Unit" with all its Assets and Liabilities as reflected in statement of accounts of Jay Shree Beneficiary Trust Unit as on date to Jayantika Investment & Finance Limited w.e.f. effective date. Accordingly, with effect from aforesaid date as mentioned above "Jay Shree Beneficiary Trust Unit" of Jay Shree Tea & Industries Limited shall pursuant to Section 394(2) of the Act and without any further act or deed be transferred to and vested in and be deemed to have been transferred to and vested in Jayantika Investment & Finance Limited with all estate, interest, Assets and Liabilities as reflected in financial statements of unit as on date and other particulars as stated in the Scheme. The scheme envisages Jayantika Investment & Finance Limited issuing equity shares to Jay Shree Tea & Industries Limited in consideration for the transfer of such equity shares held by Jay Shree Beneficiary Trust Unit as mentioned in the Scheme.

6. BASIS OF VALUATION :

Based on the representation and assumptions given above, the following basis has been duly examined before arriving at a particular method of valuations for the purpose of determining exchange ratios for the "Schemes".



A. **NET ASSET VALUE METHOD :**

- The Net Asset Value method is being followed to compare the net assets of Jayantika Investment & Finance Limited with market value of equity share of Jay Shree Tea & Industries Limited held by Jay Shree Beneficiary Trust Unit.
- The objective of the valuation process is to make a reasonable judgment of the value of unit/Company as going concern. Since Companies involved here are doing Business as going concern, so it is prudent to consider historical figures for the purpose of calculation save and except Investment taken at market value of Jay Shree Tea & Industries Limited as at 31.03.2015.
- In view of the comparison of market value of equity share of Jay Shree Tea & Industries Limited held by Jay Shree Beneficiary Trust Unit being demerged with net worth of Jayantika Investment & Finance Limited has been considered appropriate for the purpose of arriving the number of equity shares to be issued in consideration of transfer of "Jay Shree Beneficiary Trust Unit" to Jayantika Investment & Finance Limited.
- The value of the "Jay Shree Beneficiary Trust Unit" which is to be demerged from transferor company the market value of equity share of Jay Shree Tea & Industries Limited held by Jay Shree Beneficiary Trust Unit are taken.



B. PROFIT EARNING CAPACITY VALUE METHOD :

- Profit earning capacity value method will be calculated by capitalizing the average of Profit after tax for the last three years. By adopting this method we find out a value of business on its earning capacity and objection is to arrive a true/realistic estimate of further maintainable earning of the business.
- In case of Share / securities and Finance company /units capitalization rate may vary between 9% - 12%.
- The crux of estimating "Profit Earning Capacity Value" lies in the assessment of future maintainable earnings of the business while the past trends in Profits and Profitability would serve as a guide. It shouldn't be overlooked that the valuation is for the future and that it is the future maintainable stream of earnings that is for greater significance in the process of valuation. All relevant factors that have a bearing on the future maintainable earnings of the business must therefore be given due consideration.
- Profit earning capacity value method has not been applied since both Jay Shree Tea Industries Limited and Jayantika Investment & Finance Limited belong to different industry segment and at the same time Jay Shree Beneficiary Trust is holding 65,28,810 equity shares of Jay Shree Tea & Industries Limited for the benefit of shareholders of Jay Shree Tea & Industries Limited.



C. **DISCOUNTED CASH FLOW METHOD (DCF METHOD):**

- Discounted Cash Flow Method is being calculated by capitalizing the future cash flow/earnings of Estate/company.
- The cash flow forecast is based on past experience and carries synergistic elements in it. In simple exercise considering time value of money the growth rate can be introduced and on forecasted cash flows or projected earning a suitable discounting rate can be given for earnings of say next five years and net present value arrived after discounting can be compared for the purpose of arriving valuation cum exchange ratio of the scheme.
- So discounted cash flow method or future earning approach may give better and fairer valuation of the business of company/Estate. It should not be overlooked that the valuation is for the future and that it is the future maintainable stream of earning that is for greater significance in the process of valuation.
- As per management due to changing scenario in view of proposed scheme it is not possible to give future projections of the unit to be demerged and of the company Jay Shree Tea Industries Limited and Jayantika Investment & Finance Limited after demerger. So we have not considered this method.

7. **THE RATIONALE :**

For the purpose of arriving at the fair ratio of equity shares to be issued by Jayantika Investment & Finance Limited under the Scheme of Arrangement to Jay Shree Tea & Industries Limited we have examined different basis of valuations as mentioned in Para 6 above and considered and relied on various details, data, accounts, statements as furnished from time to time and information and explanation as made available to us.

Accordingly after considering all aspect in details we have come to a concrete conclusion that net assets valuation method to be appropriate and relevant in this case.

In addition to all relevant fact we have also considered the following factors to arrive at a fair and justifiable exchange ratio with number of shares to be issued :

- Comparison of the market value of equity share of Jay Shree Tea & Industries Limited held by Jay Shree Beneficiary Trust Unit being demerged with net assets of Jayantika Investment & Finance Limited.
- We have taken the market quoted value of shares held by Jay shree beneficiary Trust for the benefit of shareholders of Jay Shree Tea & Industries Limited as the value of shares as based on rate made available to us from the recognized stock exchange and same has been taken as ₹80.00 (Rupees Eighty only per equity share).
- Control to be exercised by the shareholders of two companies would continue to be the same and rights / obligations of shareholders are not being affected and the equity shares to be issued by Jayantika Investment & Finance Limited shall rank pari passu in all respect with its the existing equity shares.
- No fractional share certificate shall be issued by Jayantika Investment & Finance Limited as there will be no fractional entitlement in terms of the Scheme.
- Jayantika Investment & Finance Limited will remain 100% subsidiary of Jay Shree Tea & Industries Limited.



8. **OUR RECOMMENDATIONS :**

Having regard to the information base and representation supplemented by rational for the proposed "Scheme of Arrangement" as mentioned above in Para 7 and on the basis of market value of Equity Shares held by "Jay Shree Beneficiary Trust Unit" (as given to us by management) and based on calculation of net assets of Jayantika Investment & Finance Limited as calculated and explained in enclosed Annexure 'A' we are of opinion that the allotment of shares in Jayantika Investment & Finance Limited to Jay Shree Tea & Industries Limited will be as follows :-

BY ADOPTING AND CONSIDERING NET ASSETS BASIS WE MAY CONCLUDE THAT :-

Jyantika Investment & Finance Limited will issue 20,00,000 nos Equity Shares of ₹ 10/- each as fully paid up to Jay shree Tea & Industries Limited for the transfer of 65,28,810 equity shares of Rs.5 each of Jay shree Tea & Industries Limited held by Jay Shree Beneficiary Trust Unit.

9. **CAVEAT :**

By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will be of necessity 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 have to be made. There can therefore be no standard formulas to establish an indisputable value, although certain formulas are helpful in assessing reasonableness.

**For SALARPURIA & PARTNERS
CHARTERED ACCOUNTANTS
(Firm ICAI Reg. No.302113E)**

Nihar Ranjan Nayak

N. R. Nayak
Chartered Accountant
Membership No. - 57076
Partner

Place : Kolkata
Date : 3rd August 2015



ANNEXURE ' A '

**NET ASSETS AS ON DATE
JAY SHREE BENEFICIARY TRUST UNIT**

NET ASSETS VALUE METHOD

(Based on market Value of equity shares)

	AMOUNT (₹)	AMOUNT (₹)
6528810 Equity shares of Jay Shree Tea & Industries Limited	80.00	52,23,04,800
NOTE- Market value of shares considered		
TOTAL		<u>52,23,04,800</u>

JAYANTIKA INVESTMENT & FINANCE LIMITED

NET ASSETS VALUE METHOD

(As per audited Balance sheet as at 31st March 2015)

ASSETS	AMOUNT (₹)	AMOUNT (₹)
NON CURRENT ASSETS		
Investment (valued at market rate)	53,01,11,383.00	
Long Term loans & advances	<u>4,00,000.00</u>	53,05,11,383.00
CURRENT ASSETS		
Cash & Bank Balances	30,950.00	
Short Term Loan & Advances	4,15,07,723.00	
Other assets	<u>45,41,321.00</u>	4,60,79,994.00
		<u>57,65,91,377.00</u>
LESS		
LIABILITIES		
NON CURRENT LIABILITIES		
Long Term Borrowing	<u>5,00,00,000.00</u>	5,00,00,000.00
CURRENT LIABILITIES		
Short term Borrowing	92,39,465.00	
Trade payable	6,61,274.00	
Other current Liabilities	96,855.00	
Short Term provisions	<u>27,51,339.00</u>	1,27,48,933.00
GROSS ASSETS VALUE		51,38,42,444.00
LESS:		
Investment reserve		18,95,21,849.00
Preference Share Capital		30,00,000.00
Debenture Redemption Reserve		<u>1,25,00,000.00</u>
NET ASSETS VALUE		<u>30,88,20,595.00</u>
No of Equity shares of Rs 10 Each		9,95,000.00
NET ASSETS VALUE PER SHARE		310.37
Less; 15% devalued being unlisted shares.		46.56
NET VALUE		<u>263.82</u>
NET WORTH OF JAY SHREE BENEFICIARY TRUST UNIT		52,23,04,800.00
NET ASSETS VALUE PER SHARE		263.82
SHARES TO BE ISSUED IN EXCHANGE		19,79,803
	SAY (rounded off)	20,00,000

