



VC CORPORATE ADVISORS PVT LTD.

31, Ganesh Chandra Avenue, 2nd Floor, Suite No. 2C, Kolkata-700 013
Tel. : 033 2225 3940, Fax : 033 2225 3941

E-mail : mail@vccorporate.com
Website : www.vccorporate.com

CIN - U67120WB2005PTC106051

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FAIRNESS OPINION REPORT

FOR THE PROPOSED DEMERGER OF THE BUSINESS UNDERTAKING

FROM

JAY SHREE TEA & INDUSTRIES LIMITED

(DEMERGED COMPANY)

INTO

BIDHANNAGAR TEA CO. PRIVATE LIMITED

(RESULTING COMPANY)

UNDER SECTION 230 - 232 AND OTHER APPLICABLE PROVISIONS

OF THE COMPANIES ACT, 2013



SEBI AUTHORISED MERCHANT BANKERS

Date: 12.01.2023

To,
**The Board of Directors/ Audit Committee,
Committee of Independent Directors,
Jay Shree Tea & Industries Limited,**
Industry House, 10, Camac Street,
Kolkata 700 001, India

Dear Sir,

Sub: Fairness Opinion on Fair Share Entitlement Ratio for demerger of the entire undertaking of Sholayar and Kallyar Tea Estates of Jay Shree Tea & Industries Limited ("Demerged Undertaking") pursuant to a Scheme of Arrangement between Jay Shree Tea & Industries Limited ("Demerged Company") and Bidhannagar Tea Co. Private Limited ("Resulting Company") and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

Re: Fairness Opinion

We refer to our discussion wherein Jay Shree Tea & Industries Limited has appointed VC Corporate Advisors Private Limited (SEBI Registered Category I Merchant Banker) to provide a Fairness Opinion on the share entitlement ratio certified by Mr. Nihar Ranjan Nayak ("**Registered Valuer- Securities or Financial Assets**"), IBBI/RV01/2020/12737, Report dated 12.01.2023 in connection with the demerger of the Demerged Undertaking



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i.e., the entire undertaking of Sholayar and Kallyar Tea Estates in South India of Jay Shree Tea & Industries Limited ("**Demerged Company/JSTIL**") into Bidhannagar Tea Co. Private Limited ("**Resulting Company/ BTCPL**") (hereinafter referred to as "**Proposed Scheme/ Scheme/Scheme of Arrangement**").

In terms of our engagement, we are enclosing our opinion along with this letter. All comments as contained herein must be read in conjunction with the caveats to this opinion. The opinion is confidential and has been made in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "**Listing Regulations**") read with SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 and it should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of VC Corporate Advisors Private Limited, such consent will only be given after full consideration of the circumstance at the time. We are, however, aware that the conclusion in this report may be used for the purpose of disclosure to be made to the stock exchanges, National Company Law Tribunal ("**Tribunal**"), concerned regulatory authorities and notices to be dispatched to the shareholder and creditors for convening the meeting pursuant to the directions of Tribunal and we provide consent for the same.

Yours Faithfully,

For VC Corporate Advisors Private Limited

Urvi Belani

Urvi Belani
(Vice President)
SEBI Reg. No. INM000011096



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BRIEF ABOUT COMPANIES

Jay Shree Tea & Industries Limited [**"Demerged Company"** or **"JSTIL"**] is a Public Limited Company incorporated under the provisions of the Companies Act, 1956, having its corporate identity number L15491WB1945PLC012771 and registered office at "Industry House, 10, Camac Street, Kolkata 700 017, India." Demerged Company is engaged in the business of production, manufacture and sale of tea, chemicals, fertilizers and sugar. The equity shares of the Demerged Company are listed on BSE Limited (**"BSE"**), National Stock Exchange of India Limited (**"NSE"**) and The Calcutta Stock Exchange Association Limited (**"CSE"**).

Bidhannagar Tea Co. Private Limited [**"Resulting Company or BTCPL"**], a private limited company incorporated under the provisions of the Companies Act, 1956 having its corporate identity number U01132WB1999PTC088940 and registered office at Industry House, 10, Camac Street, Kolkata- 700 017, India. The Resulting Company has been incorporated to carry on the business of cultivation and manufacture of tea. The Resulting Company is a wholly owned subsidiary of the Demerged Company as the entire equity share capital of it is held by JSTIL and its nominees.



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The share capital structure of the Demerged Company ("Pre-Demerger") as on 31st March, 2022 is as follows:

Particulars	INR
Authorised share capital	
8,45,00,000 Equity Shares of Rs. 5/- each	42,25,00,000
20,00,000 Preference Shares of Rs.100/- each	20,00,00,000
Total	62,25,00,000
Issued Share Capital	
2,89,02,786 equity shares of INR 5/- each	14,45,14,000
Total	14,45,14,000
Subscribed and fully paid-up capital	
2,88,77,488 equity shares of INR 5/- each	14,43,87,000
Total	14,43,87,000

There has been no further change in the authorised, issued, subscribed and paid-up share capital of the Demerged Company until the date of approval of the Scheme by the Board of the Demerged Company.

The Resulting Company has been formed for the purpose of undertaking the business of cultivation and manufacture of tea.

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The share capital structure of the Resulting Company as on 31st March, 2022 is as follows:

Particulars	Amount in INR
Authorised share capital	
50,000 equity shares of INR 10/- each	5,00,000/-
Total	5,00,000/-
Issued, Subscribed and Paid-up Capital	
10,200 equity shares of INR 10/- each	1,02,000/-
Total	1,02,000/-

The equity shares of the Resulting Company are presently not listed on any stock exchange in India.

It has also been informed by the management that, pursuant to the Scheme the equity shares of "Resulting Company" will not be listed on any Stock Exchanges.

SHARE ENTITLEMENT RATIO FOR DEMERGER

- (i) The Resulting Company is a wholly owned subsidiary of the Demerged Company. The Demerged Undertaking of the Demerged Company comprise the Sholayar and Kallyar Tea Estates which are situated in the state of Tamil Nadu whereas the other tea estates of the Demerged Company are situated in the Northern Region in the states of Assam and West Bengal. The Demerged Company is also engaged in the business of manufacture of chemicals, fertilizers and sugar, which are in the eastern region.



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- (ii) The Demerged Undertaking of the Demerged Company requires capital and technical know-how for growth and development of its business. The Demerged Company has tied up with a joint venture partner, with control in the Resulting Company by the said joint venture partner, having sound business background in South India, who will bring in the required funds to run and operate the business in South India more effectively. As such, for optimum growth and development of the Sholayar and Kallyar Tea Estates, it is necessary to demerge the Demerged Undertaking of the Demerged Company to Resulting Company.
- (iii) The operations in the northern and eastern region are distinct from the southern region and requires independent management set up. Of late, the Demerged Company has been experiencing difficulty in managing the operations of northern / eastern region and southern region together.
- (iv) The Resulting Company has been formed for the purpose of undertaking the business of cultivation and manufacture of tea.
- (v) In view of the aforesaid, it has become necessary to demerge the southern operations of tea business to another company. The said demerger will entail smoother operations of the respective businesses under independent management set up paving way for growth and development of each of the businesses.
- (vi) The Scheme will enable the Resulting Company to get an established business to undertake operations smoothly and effectively.



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(vii) The Scheme will result in simplification of the group structure and management structure leading to better administration and more focused operational efforts, rationalization, standardization and simplification of business processes.

(viii) The Scheme will enable the entities to leverage their resources to improve alignment of debt repayments with cash flow.

(ix) The synergies that exist between the two companies in terms of services and resources can be put to the best advantage of all stakeholders.

(x) The Scheme is envisaged to be in the best interests of the shareholders, employees and the creditors of the Demerged Company and the Resulting Company.

The Proposed Transaction contemplates demerger of Demerged Undertaking and transfer to BTCPL, its wholly owned subsidiary, pursuant to the Scheme.

In terms of the SEBI Master Circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23 November 2021, pursuant to the Scheme, there is 'no change in the shareholding pattern' of the Demerged Company and the Resulting Company, thus, the requirement for seeking a valuation report is not triggered.



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Upon the effectiveness of this Scheme and in consideration of the transfer and vesting of the Demerged Undertaking into the Resulting Company pursuant to provisions of this Scheme, the Resulting Company shall, without any further act or deed, issue and allot to the Demerged Company 3,02,500 (Three Lacs Two Thousand Five Hundred) equity shares of Rs. 10/- (Rupees Ten Only) each of Resulting Company credited as fully paid up ("New Equity Shares").

BSE Circular No. LIST/COMP/02/2017-18 dated May 29, 2017, and NSE Circular No. NSE/CML/2017/12 dated June 1, 2017, requires a valuation report for Scheme of Arrangement to disclose certain information in the specified format, which is given below. In terms of the SEBI Master Circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23 November 2021, the fair value per share and fair exchange ratio have been laid down below:

Valuation Approaches	Demerged Undertaking (A)		[Newly formed] (B)	
	Value per share	Weight (%)	Value per share	Weight (%)
Asset approach	0.10475287	100.00	10	100.00
Market approach	NA	Nil	NA	Nil
Income approach	NA	Nil	NA	Nil
Relative value per share	0.10475287		10	
Share Entitlement Ratio (A/B)	NA			

NA means Not Applicable.

As the Resulting Company is wholly owned subsidiary of the Demerged Company and in terms of Scheme post-demerger, the Resulting Company will remain wholly owned subsidiary of the Demerged Company. So effectively there will be no change in ownership.



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On the basis of the foregoing, any share entitlement ratio can be considered for the above demerger as the proportionate shareholding of any shareholder would not vary. Considering the desired capital structure of the Resulting Company and as the net worth of Rs. 30,25,000/- as at 31.03.2022 of the Demerged Undertaking of the Sholayar/ Kallyar Tea Estate of the Demerged Company, 302500 number of equity shares of Rs. 10/- each fully paid-up of the Resulting Company is to be issued to the Demerged Company.

SOURCES OF INFORMATION

For the purposes of fairness opinion, we have relied upon the following sources of information received from the management of the Demerged Company:

- i. Shareholding pattern of Demerged Company and Resulting Company as of 31st March, 2022;
- ii. Discussions with the Management to augment our knowledge on the operations of the Companies / Demerged Undertaking;
- iii. Valuation Report of Property, Plant and equipment of Sholayar and Kallyar Tea State valued by a valuer (B Dharmaraju);
- iv. Recommendation of Fair Value Share Exchange/ Entitlement Ratio Report dated 12.01.2023 issued by Mr. Nihar Ranjan Nayak, the Registered Valuer;
- v. Draft Scheme of Arrangement between JSTIL & BTCPL;
- vi. Audited Financial Statements of Demerged and Resulting Company as on 31st March, 2022;
- vii. Written down value of Assets as on 31st March, 2022;
- viii. Such other information, explanations and representations that were required and provided by the Management; and
- ix. Such other analysis, inquiries, and reviews as we considered necessary.



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CONCLUSION AND OPINION

As per Clause 8.1 of draft Scheme of Arrangement, the management of the companies have decided that upon the effectiveness of this Scheme and in consideration of the transfer and vesting of the Demerged Undertaking into the Resulting Company pursuant to provisions of this Scheme, the Resulting Company shall, without any further act or deed, issue and allot to the Demerged Company 3,02,500 (three lacs two thousand five hundred) equity shares of Rs 10/- (Rupees Ten Only) each of Resulting Company credited as fully paid up ("New Equity Shares").

"Subject to above read with the caveats as detailed later, we as a Merchant Banker hereby certify that pursuant to SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, we have reviewed the proposed Scheme of Arrangement with respect to the share entitlement ratio aspects and consider it to be fair and reasonable from the point of view of equity shareholders of the Companies.

CAVEAT

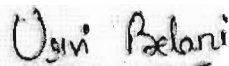
1. We wish to emphasize that; we have relied on explanations and information provided by the respective management and other publicly available information. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided.



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2. We have not made an appraisal or independent valuation of any of the assets or liabilities of the companies and have not conducted an audit or due diligence or reviewed / validated the financial data except what is provided to us by the Demerged Company and Resulting Company.
3. The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Scheme, which might be relevant in the context of the transaction and which a wider scope might uncover.
4. We have no present or planned future interest in the Demerged Company & Resulting Company and the fee payable for this opinion is not contingent upon the opinion reported herein.
5. Our Fairness Opinion should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.
6. The Opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Fairness Opinion Report. This opinion is issued on the understanding that the Management of the Restructured Companies under the Scheme have drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of signature.
7. We have no responsibility to update this report for events and circumstances occurring after the date of this Fairness Opinion.

Yours Faithfully,
For VC Corporate Advisors Private Limited



Urvi Belani
(Vice President)
SEBI Reg. No. INM000011096



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