



**REPORT ON RECOMMENDATIONS OF THE AUDIT COMMITTEE OF JAY SHREE TEA & INDUSTRIES LIMITED ON THE DRAFT SCHEME OF ARRANGEMENT BETWEEN JAY SHREE TEA & INDUSTRIES LIMITED AND BIDHANNAGAR TEA CO. PRIVATE LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS ADOPTED AT ITS MEETING HELD ON JANUARY 12, 2023**

**MEMBERS PRESENT**

1. Mr.S.K.Tapuriah
2. Mr.Vikram Swarup
3. Mr.H.V.Kanoria

The quorum was present at the Meeting and remained till the conclusion of the Meeting.

**1. Background**

- 1.1. A Meeting of the Audit Committee of Jay Shree Tea & Industries Limited ("**Company**" / "**Demerged Company**") was held on 12<sup>th</sup> January, 2023 to recommend the proposed Scheme of Arrangement between the Company and Bidhannagar Tea Co. Private Limited ("**Resulting Company**") and their respective shareholders and creditors with effect from the Appointed Date, viz. 1<sup>st</sup> April, 2022 under the provisions of Sections 230 to 232 of the Companies Act, 2013.
- 1.2. This Report of the Audit Committee is made in order to comply with the requirements of SEBI Circular Master Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 ("**SEBI Circular**").
- 1.3. The following documents were placed before the Audit Committee:
  - the draft Scheme, duly initialed by the Chairman of the Meeting for the purpose of identification;
  - the Valuation Report dated 12<sup>th</sup> January, 2023 ("**Valuation Report**") prepared by Mr.Nihar Ranjan Nayak, the Registered Valuer; and
  - Fairness Opinion dated 12<sup>th</sup> January, 2023 prepared VC Corporate Advisors Private Limited, a SEBI Registered Merchant Banker, providing a Fairness Opinion on the Valuation Report ("**Fairness Opinion**")

For JAY SHREE TEA & INDUSTRIES LTD.

GANERIWALA  
President & Secretary



# Jay Shree Tea & Industries Ltd.



B K BIRLA GROUP OF COMPANIES

## 2. Proposed Scheme of Amalgamation

- 2.1. The Audit Committee noted that the Scheme envisages demerger of the Demerged Undertaking (as defined in the Scheme) of the Company with the Resulting Company on a going concern basis.
- 2.2. The Audit Committee noted the rationale and the benefits of the Scheme, which, *inter-alia*, were as follows:
- (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 is situated in the estate 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.
  - (ii) The work in the Northern and Eastern region and 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.
  - (iii) In view of the aforesaid, it has become necessary to demerge the Southern operations to another Company to have a partner or a joint venture arrangement to run & operate The tea estates smoothly. 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.
  - (iv) The Scheme will enable the Resulting Company to get an established business to undertake operations smoothly and effectively.
  - (v) 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.
  - (vi) The Scheme will enable the entities to leverage their resources to improve alignment of debt repayments with cash flow.
  - (vii) The synergies that exist between the two companies in terms of services and resources can be put to the best advantage of all stakeholders.
  - (viii) 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.
- 2.3. The Audit Committee reviewed the Valuation Report submitted by Mr. Nihar Ranjan Nayak, the Registered Valuers and tabled at the Meeting and noted that such Report recommended Valuation for the Scheme, as follows:

For JAY SHREE TEA & INDUSTRIES LTD.

  
R.K. GANERIWALA  
President & Secretary



# Jay Shree Tea & Industries Ltd.



B K BIRLA GROUP OF COMPANIES

*Considering the desired capital structure of the Resulting Company and all the relevant factors and circumstances as discussed and outlined herein above, pursuant to the Scheme of Arrangement. The recommended share entitlement ratio is:*

*"As the net worth of Rs 30,25,000 of the Demerged Undertaking of Sholayar/Kallyar Tea Estate of the Demerged Company, 3,02,500 number of shares of Rs 10 each fully paid of the Resulting Company is to be issued to the Demerged Company."*

*As the resulting company is 100% subsidiary of the demerged company and in terms of scheme - even post demerger the resulting company will remain 100% subsidiary of Jay Shree Tea & Industries. So, effectively, there is no change in ownership.*

- 2.4. Further, a Fairness Opinion from VC Corporate Advisors Private Limited, a Category I SEBI registered Merchant Banker has confirmed the Valuation Report as provided by the Registered Valuer and have certified as under:

*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/2021/000000665 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.*

- 2.5. The Committee also noted that the Scheme is beneficial to the shareholders and other stakeholders of the Company.
- 2.6. The Committee also noted that the Scheme will lead to utilization of resources of both the companies effectively, which will benefit the shareholders of both the companies. The Scheme will enable the respective entities to develop the businesses presently being carried by the Demerged Company and pave way for growth and development which will be to the benefit of the shareholders.

For JAY SHREE TEA & INDUSTRIES LTD.

  
R.K. GANERIWALA  
President & Secretary



# Jay Shree Tea & Industries Ltd.



B K BIRLA GROUP OF COMPANIES

2.7. Although the Scheme involves certain costs such as transaction cost, implementation cost, regulatory fees, stamp duties, etc., the Scheme would entail the benefits specified in para 2.2 above.

### 3. Recommendation of the Audit Committee

The Audit Committee, upon discussion and after due consideration of all the terms of the draft Scheme and its benefits, recommends the draft Scheme to the Board of Directors of the Company for approval and for consideration by the Stock Exchange(s) and Securities and Exchange Board of India.

**By Order of the Audit Committee**  
For and on behalf of  
Jay Shree Tea & Industries Limited

**Mr.S.K.Tapuriah**  
Chairman of the Audit Committee  
DIN:01065278

**Date:** 12.01.2023  
**Place:** Kolkata