JBRK & Co.
CHARTERED ACCOUNTANTS

Strictly Private & Confidential

To,
Board of Directors
Sundaram Multipap Limited
5/6, Papa Industrial Estate
Suren Road
Andheri (East)
Mumbai, Maharashtra, India

To,
Board of Directors
E-Class Education System Limited
5/6, Papa Industrial Estate
Suren Road
Andheri (East)
Mumbai, Maharashtra, India

Dear Sir,

We refer to our letter of engagement whereby, Sundaram Multipap Limited and E-Class Education System Limited have requested JBRK & Co, Chartered Accountants ('JBRK' or 'we' or 'us'), for recommendation of the share exchange ratio for the proposed amalgamation of E-Class Education System Limited ('ECESL' or 'Transferor Company'), a 51% subsidiary of Sundaram Multipap Limited into Sundaram Multipap Limited ('SML' or' Transferee Company').

We are pleased to forward herewith our report for the same. We have carefully discussed with the representatives of SML and ECESL, analyzed the relevant data placed before us and have sought information and explanations deemed relevant for the recommendation of share exchange ratio for equity shares of ECESL.

Should you require any further information or clarification, please feel free to contact us.

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A narrative final report has been enclosed, detailing our recommendations, our approach and the assumptions used in our analysis.

Thanking you,

Yours faithfully,
JBRK & Co,
Chartered Accountants
Firm Membership No: 005775 S

JBRK & Co. Hyderabad Chartered Accountants

P.S.Ranganath
Partner
Membership No: 200839

Place: Hyderabad
Dated: 11th January, 2019

Office : 118, Maruthi Complex, 5th Floor, Raj Bhavan Road, Somajiguda, Hyderabad - 500 082
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1. Introduction

1.1. Sundaram Multipap Limited ('SML' or 'Transferee Company') is a Market Leader in the business of manufacturing paper stationery and other paper related products for Education and Corporate Sectors in Gujarat and Maharashtra with a market share of 40% in each market. SML is listed on the Bombay Stock Exchange Limited ('BSE') and National Stock Exchange of India Limited ('NSE',).

1.2. E-Class Education System Limited('ECESL' or 'Transferor Company'), is an unlisted public limited company and it is an education technology powerhouse. E-Class provides digital content for Maharashtra State Board for K-10 segment. The company provides complete offline digital educational videos aimed at increasing the learning levels of the students. With over 650+ school tied up and over 1,00,000+ students subscribed, E-class aims at making a mark on the digital upgrade. The company aims to make customized education accessible to one and all.

1.3. SML and ECESL, both are promoted by the Sundaram Group which is primarily engaged in Paper Stationery business. The promoter shareholding in SML and ECESL is 22.26% and 51% respectively.

1.4. We understand that the management of SML and ECESL are contemplating amalgamation of ECESL into SML ('Proposed Transaction') with effect from 1st April, 2018 or such other date as approved by the Courts/ regulatory authorities pursuant to a Scheme of Amalgamation ('Scheme') to be implemented under the provisions of sections 230 to 233 and other applicable provisions of the Companies Act, 2013.

1.5. As a consideration for the amalgamation, equity shareholders of ECESL would be issued equity shares of SML.

1.6. With this regard, management of SML and ECESL have requested JBRK & Co, Chartered Accountants ('JBRK' or We) for recommendation of the share exchange ratio for the proposed amalgamation of ECESL into SML.

1.7. The scope of our services is to conduct a relative valuation (not absolute) of the equity shares of SML and ECESL. This report highlights (a) the alternative approaches to valuation, (b) identifies the valuation methodologies that are most suitable in the given circumstances, and (c) establishes the fair exchange ratio for the proposed amalgamation of ECESL into SML.

1.8. This report is subject to the scope, assumptions, and qualifications detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

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2. Source of Information

In carrying out the valuation of equity shares of SML and ECESL, we have amongst others relied upon the following information provided by the management:

2.1. Audited financial statements of SML for 3 years ended 31st March 2016, 31st March 2017 and 31st March 2018;
2.2. Audited financial statements of ECESL for 3 years ended 31st March 2016, 31st March 2017 and 31st March 2018;
2.3. Unaudited statement of Profit & Loss account and Balance Sheet along with Limited Review Report of SML for the period ended 30th September 2018;
2.4. Unaudited statement of Profit & Loss account and Balance Sheet along with Limited Review Report of ECESL for the period ended 30th September 2018;
2.5. Details of various projects and projected cash flows of SML and ECESL as provided by the management;
2.6. Draft Scheme of Amalgamation;
2.7. Shareholding pattern of SML as at 31st December, 2018 & ECESL as at December 31st, 2018.
2.8. Background, history and other relevant information of SML & ECESL;
2.9. Market prices and trading history of SML;
2.10. Our discussion with the management of SML & ECESL and other relevant information provided to us by the company's representatives, either in written or in oral form including third party certification wherever required, related to the valuation.
2.11. Other published data

We have obtained necessary explanations and information from the Management of SML & ECESL from time to time.

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3. Background

3.1. Sundaram Multipap Limited (SML)

Date of incorporation: 13th March 1995
CIN: L21098MH1995PLC086337
Registered Office : 5/6, Papa Industrial Estate, Suren Road, Andheri (East), Mumbai, Maharashtra, India

Sundaram Multipap is a Market Leader in the business of manufacturing paper stationery and other paper related products for Education and Corporate Sectors in Gujarat and Maharashtra with a market share of 40% in each market.

SML is headed by Mr. Amrut P Shah (Chairman& Managing Director), a first generation entrepreneur and promoter with more than three decades of sectoral experience. The second generation of promoters in the business is represented by Mr. ShantilalShah(Whole-time Director).

The paid up equity capital of SML is Rs. 27,16,05,773/- comprising of 27,16,05,773 equity shares of face value of Rs. 1/ - each. It's shares are listed on the BSE and NSE.

The Share capital of the Company as on 31st December 2018 is as under:

Particulars	Amount (in Rs.)
Authorised Share Capital 28,00,00,000 Equity shares of Rs. 1/- each	28,00,00,000/-
Issued, Subscribed & paid-up Share Equity shares 27,16,05,773Equity shares of Rs. 1/- each	27,16,05,773/-

The shareholding pattern of SML as on 31st December 2018 is as follows:

S.N.	Shareholder	No. of shares	% held
1.	Promoter & Promoter	6,04,51,585	22.26%
2.	Public	21,11,54,188	77.74%
	Total	**27,16,05,773**	**100.00%**

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3.2. E-Class Education System Limited (ECESL)
Date of incorporation: 20th July 2009
CIN: U80212MH2009PLC194231
Registered Office : 5/6, Papa Industrial Estate, Suren Road, Andheri (East), Mumbai, Maharashtra, India

E-Class Education System Limited, which is a market leader in the making of audio- visual E- Learning / E- Education / Digital Content Software Products/ Modules for the students of Maharashtra State Board's (MHSB) 1st to 10th standards for all subjects, available in English, Marathi, Semi English, Hindi and Urdu medium as per the syllabus.

E-class is a revolutionary product by the company, developed to help the students ease the burden of studies and score more marks. With the stress and difficulties in education arising every day, the company has developed E-class, which is an innovative educational content helping the students learn in a better and a new way. It is said what we see (visuals) is often remembered more than what we simply just read. Keeping that concept in mind, the company has converted the black and white textbook into audio-video animated content explaining each chapter and subject in detail.

The company has over 5,00,000 students learning from its educational content today. With its latest android educational memory card introduced in the year 2016, they have powered over 60,000 tabs in the state with effective offline educational content. Their aim is to bridge the digital online and offline divide and provide equal education to all.

The company caters to the learning needs of school students of classes 1-10 of Maharashtra State Board and is soon expanding over other boards. They have created educational content of over 600 hours for the state of Maharashtra and have implemented this successfully. They have introduced numerous innovations in the areas of content, delivery formats, easy use and many more. A child can study on his mobile, at home on his television, on his laptop or even his tablet.

E-class has been instrumental in mitigating burden of school bags through its bag less education campaign. E-Class technology has successfully outdated the prevalent learning methods by developing technology enabled platforms that leave a stronger imprint on the young minds. The Bag-less learning thrives upon the concept of providing children a healthy environment. A simple pen-drive or memory card can provide complete educational content and help attract students towards education.

The company provides customized easy to install solutions for schools in the rural and urban cities. The school product of the company uses learning modules of the syllabus provided. These videos are based on a pedagogy specially developed by experienced educationists. The best of schools in the state use E-class content and systems to impart education in class rooms.

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The Share capital of the Company as on 31st December 2018 is as under:

Particulars	Amount (in Rs.)
Authorised Share Capital 4,00,00,000 Equity shares of Rs. 10/- each	40,00,00,000/-
Issued, Subscribed & paid-up Share Equity shares 4,00,00,000 Equity shares of Rs. 10/- each	40,00,00,000/-

ECESL is a Public limited company and the company is under the same management of SML.

The shareholding pattern of the ECESL as on 31ST December 2018 is as follows:

S.N.	Shareholder	No. of shares	% held
1.	Promoter & Promoter	2,04,00,000	51.00%
2.	Others	1,96,00,000	49.00%
	Total	**4,00,00,000**	**100.00%**

4. **SEBI Pricing Guidelines**

In compliance with the SEBI circular dated 10thMarch, 2017 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations), issuance of shares pursuant to order under section 230 to 234 of the Companies Act 2013, requires to follow pricing guidelines that apply to preferential issue, if any such issue is to be made to shareholders of an unlisted company. The relevant date for the purpose of computing pricing shall be the date of the Board meeting in which the scheme is approved.

In order to represent the fair market price nearer to the valuation report dated 11.01.2019 i.e., one day before the relevant date, we have considered higher of i) average of weekly high and low of volume weighted average price (VWAP) during twenty six weeks preceding 11.01.2019 ii) average of weekly high and low of volume weighted average price (VWAP) during two weeks preceding 11.01.2019; of price quoted on the National Stock Exchange of India Limited for SML.

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5. Valuation Approach

5.1. "Value is a word of many meanings". The term "value" can have different connotations depending upon the purpose for which it is intended to be used. "Value" of the share of one company in the context of amalgamation may not be the same for the purpose of sale of shares of the same company to another. The value of a share cannot be considered in isolation, it would depend on the precise purpose for which it is intended to be used. The method used for the valuation of shares must necessarily be determined by the purpose for which such valuation is made.

5.2. The valuation of equity shares of any company would need to be based on a fair value concept. The purpose of the fair value is to enable valuer to exercise his discretion and judgment in the light of all circumstances, in order to arrive at a value, which is fair to all parties.

5.3. There are various commonly used methods for determining the fair value of a Company that may be applied. The application of a particular method depends on the purpose for which the valuation is made. They mainly fall into three broad categories :

- Asset Approach - Asset based valuation Method
- Income Approach
  - Discounted Cash Flow Method
- Market Approach
  - Market Value Method

Whichever method is adopted, the objective is to arrive at fair value of the shares. The valuation must be just and equitable to all the shareholders of both the companies.

It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to Industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Companies, and other factors which generally Influence the valuation of the Companies.

Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for proposed mergers of a similar nature and our reasonable judgment, in an independent and bonafide manner based on our previous experience of assignments of a similar nature.

<u>Asset Based Valuation</u>

Valuation under this method can be derived as under:

- Book value/ intrinsic value / Breakup value of Net Assets
- Replacement value/ disposable value of Net Assets

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Valuation of the shares of the company under these methods is arrived at by determining the net worth of the company on the basis of the audited statement of accounts or real worth of the assets and liabilities.

The asset based valuation approach is seldom used for valuing profitable going concerns, since it does not consider the earning capacity of the business.

Discounted Cash Flow (DCF):

In the DCF method, the projected free cash flows from the business operations are discounted at the weighted average cost of the capital and the sum of such discounted free cash flow is considered as the value of the business.

Using the DCF analysis involves determining the following:

- Estimating the future free cash flows
- The time frame for such cash flows;
- Appropriate discount rate to be applied to the cash flow;
- The terminal value i.e. the cumulative value of the free cash flows beyond the explicit forecast period;

Future free cash flows

Free cash flows are the cash flows expected to be generated by the entity that are available to all the providers of the entity's capital, both debt and equity. The free cash flows is determined by adjusting the profits after tax by depreciation and interest on long term debts, change in working capital requirements and capital expenditure to the extent they are funded out of cash from the operations.

Time frame of cash flows

The time frame for free cash flows is determined by separating the value of the business in the explicit projection period and the post explicit projection period.

Appropriate discount rate

Under DCF method, the time value of money is recognised by applying a discount rate to the future free cash flows to arrive at their present value. The discount rate, which is applied to the free cash flows, reflects the opportunity cost to all capital providers (debt and equity), weighted by their relative contribution to the total capital of the Company (Weighted Average cost of capital, WACC).

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Continuing Value

The continuing value of an ongoing business is determined as present value of the estimated future free cash flows by capitalising the free cash flows of the final year in the explicit forecast period into perpetuity using an appropriate rate of return.

The major hurdle in applying the DCF technique is the practical difficulties involved in forecasting cash flows. DCF technique is the most commonly used where future cash flows can be estimated with a fair degree of certainty. The DCF technique to be effective and reliable would need explicit forecast of free cash flows for at least one trade / business cycle with data on expected capital expenditure and changes in working capital requirements for such period.

Market Value Method

The Stock Exchange is a barometer of the faith, confidence and perception of a shareholder of the value of an equity share of a company. The volume of the transactions that take place in the market affects prices of equity shares.

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper Index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, In the case of a merger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

6. Our Approach to Valuation

6.1. Fair value of the equity shares would have to be determined after taking into consideration all the factors and methodologies mentioned herein above. Though different values have been arrived at under each of the above methodologies, for the purpose of recommending a share exchange ratio, it is necessary to arrive at single relative values. It is however important to note that in doing so, we are not attempting to arrive at the absolute value but at their relative values to facilitate the determination of a fair exchange ratio. For this purpose, it is necessary to give appropriate weights to the value arrived at under each method. However, we have ignored the methods which in our view were not suitably appropriate for arriving at fair value of the shares of the companies.

6.2. The Asset based valuation method was not adopted for SML and ECESL. As mentioned above the Asset approach is mainly used, where the "Going Concern" assumption is not appropriate or where the asset base dominates earnings capability. Since SML and ECESL

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are operating entities and have been valued as on "Going Concern" basis, we did not adopt the Asset approach.

6.3. Having regards to the facts of the case, we are of the view that DCF method of valuation is the most appropriate methodology for ECESL and accordingly an appropriate weight needs to be given compared to other methods. Assumptions in this regard are as under:

Valuation of ECESL as per Discounted Cash Flows (DCF) method:

6.3.1 In the current valuation exercise we have relied on the future profitability projections of ECESL, as provided by its management.

6.3.2 The report assumes that projections provided by ECESL comply fully with relevant laws and regulations applicable in all its areas of operations.

6.3.3 Except as specifically stated to the contrary, this valuation 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.

6.3.4 No investigation of the Companies claim to title of assets has been made for this report and the Companies claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed on the accounts. Therefore no responsibility is assumed for matters of a legal nature.

6.3.5 Under DCF method, the time value of money is recognised by applying a discount rate to the future free cash flows to arrive at their present value. The discount rate, which is applied to the free cash flows, reflects the opportunity cost to all capital providers (debt and equity), weighted by their relative contribution to the total capital of the Company (Weighted Average cost of capital, WACC) .

6.3.6 Continuing Value: The continuing value of an ongoing business is determined as present value of the estimated future free cash flows by capitalising the free cash flows of the final year in the explicit forecast period into perpetuity using an appropriate rate of return.

6.3.7While valuing ECESL as per DCF method, we have used 2 scenarios wherein the terminal value has been computed as per perpetuity growth model (DCF using FCFF) and the terminal value has been calculated as per exit multiple as well by taking(a) Price to Earnings (P/E) multiple method (DCF using exit multiples. We have given appropriate weights to both the methods to arrive at the Equity Value. (refer Working Note below)

6.4. We have considered Market Price method as the equity shares of SML are frequently traded on the stock exchanges. Trading volume of equity shares of SML during the period considered was higher on NSE as compared to BSE. Under the Market Price method, average of weekly high and low of the volume weighed average price (VWAP) of SML on NSE during the twenty six weeks or two weeks preceding valuation report date, whichever higher has been considered. Please refer Annexure 1 for details.

While dealing with listed company, due importance should be given to the quoted prices of the equity shares of the Company. This is on the premise that, after all, the shareholders in the market have their own reading and perception. A transaction by which they are

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primarily affected should therefore, take into account their perception barring sporadic short term fluctuations.

Equity shares of ECESL are not listed on any stock exchange. Accordingly, the Market Price method could not be used for this entity.

6.5. The relative value per share is provided as under:

Valuation approach	SML		ECESL	
	Value per share (In Rs.)	Weights	Value per share (In Rs.)	Weights
Asset Approach	-	0%	-	0%
Income Approach	-	0%	23.52	100%
Market Price Method	2.28	100%	-	0%
Relative Value per share	2.28		23.52	
Share exchange ratio (rounded off)	10:01			

7. Exchange Ratio

Having regard to the information provided to us and the key underlying assumptions, we are of the opinion that the following should be the exchange ratios:

On amalgamation of ECESL, shareholders of ECESL be issued 10(Ten Equity Shares only) fully paid up equity share of Rs 1/ - each of SML credited as fully paid up, for every 1 (One Equity Share only) equity shares of Rs. 10/- each held by him/her/it in ECESL.

8. Qualifications and Independence

8.1. JBRK & Co, Chartered Accountants are independent of the shareholders, directors and management of SML and ECESL and do not have any financial association with the shareholders, directors and management of the SML and ECESL other than receipt of fees in connection with the professional services provided.

8.2. This confidential valuation report has been prepared by JBRK & Co, Chartered Accountants Associates solely for the purpose of the shareholders of the SML and ECESL and its board of directors. This report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this report and (iii) information provided by the management of SML and ECESL.

8.3. Neither the valuation report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or document given to third parties, other than in connection with the Proposed

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Transaction, without our prior written consent except for disclosures to be made to the relevant regulatory authorities including BSE, NSE and the Securities Exchange Board of India (SEBI).

8.4. In accordance with our engagement letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. Accordingly, we 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.

8.5. The recommendation(s) rendered in this report only represent our recommendation(s) based upon the information furnished by the SML and ECESL (or their executives / representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our 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).

8.6. The management of SML and ECESL has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis / results. Accordingly, we assume no responsibility for any errors in the information furnished by SML and ECESL and their impact on the report.

8.7. The realizations of the projections are dependent on the continuing validity of the assumptions on which they are based. Since, the projections relate to the future, actual results may be different from the projected results because events and circumstances do not occur as expected, and differences may be material.

8.8. This Certificate is issued at the request of the company after reasonable evaluation of the information provided by the company to conduct a relative valuation (not absolute) of the equity shares of the SML and ECESL. We have not carried out any due diligence, audit or other tests to establish the accuracy or sufficiency of the financial statements or the information or explanations provided to us referred in the appended note and we are not required to nor do we accept responsibility for the same.

8.9. We owe responsibility to only the Board of Director of SML and ECESL, which have appointed us under the terms of our engagement letter and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other advisor to SML and ECESL. In no event shall we be liable for any losses, damages, cost or expenses arising in any way from fraudulent acts, misrepresentation or willful default on part of the SML and ECESL, their directors, employees or representatives. Unless specifically agreed, in no circumstances shall the liability of JBRK & Co, Chartered Accountants, its partners, its employees, relating to the services provided in connection with the engagement set out in this report shall exceed the amount paid to JBRK & Co, Chartered Accountants in respect of the fees charged by it for these services.

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8.10. In addition, this report does not in any manner address the prices at which equity shares of SML will trade following announcement of the Proposed Transaction and we express no opinion or recommendation as to how the shareholders of SML and ECESL should vote at any shareholders' meeting(s) to be held in connection with the Proposed Transaction.

8.11. We have no obligation to update or revise this valuation report because of the events or transactions occurring subsequent to the date of this report.

Thanking you,

Yours faithfully,
JBRK & Co,
Chartered Accountants
Firm Membership No: 005775 S

P.S.Ranganath
Partner
Membership No: 200839
Place: Hyderabad
Dated: 11th January , 2019

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Annexure 1:

Statement of Computation of Minimum Price pursuant to Chapter VII of the Securities and Exchange Board of India (SEBI) (Issue of Capital and Disclosure Requirements) Regulations, 2018, (the "ICDR Regulations")

(a) The average of the weekly high and low of the volume weighted average price of the equity shares during the Twenty six weeks preceding the relevant date.

Weeks (representing Twenty six weeks from the relevant date)	From	To	WAP-High	WAP- Low	Average
1	14-Jul-18	20-Jul-18	2.07	2.04	2.06
2	21-Jul-18	27-Jul-18	2.10	2.05	2.08
3	28-Jul-18	03-Aug-18	2.09	2.03	2.06
4	04-Aug-18	10-Aug-18	2.40	2.13	2.27
5	11-Aug-18	17-Aug-18	2.40	2.27	2.34
6	18-Aug-18	24-Aug-18	2.51	2.37	2.44
7	25-Aug-18	31-Aug-18	2.86	2.59	2.73
8	01-Sep-18	07-Sep-18	2.91	2.68	2.80
9	08-Sep-18	14-Sep-18	2.91	2.77	2.84
10	15-Sep-18	21-Sep-18	2.70	2.55	2.63
11	22-Sep-18	28-Sep-18	2.40	2.30	2.35
12	29-Sep-18	05-Oct-18	2.27	2.16	2.22
13	06-Oct-18	12-Oct-18	2.27	2.16	2.22
14	13-Oct-18	19-Oct-18	2.50	2.30	2.40
15	20-Oct-18	26-Oct-18	2.29	2.22	2.26
16	27-Oct-18	02-Nov-18	2.32	2.22	2.27
17	03-Nov-18	09-Nov-18	2.34	2.30	2.32
18	10-Nov-18	16-Nov-18	2.28	2.26	2.27
19	17-Nov-18	23-Nov-18	2.26	2.20	2.23
20	24-Nov-18	30-Nov-18	2.17	2.15	2.16
21	01-Dec-18	07-Dec-18	2.16	2.12	2.14
22	08-Dec-18	14-Dec-18	2.05	1.99	2.02
23	15-Dec-18	21-Dec-18	2.10	2.06	2.08
24	22-Dec-18	28-Dec-18	2.08	2.05	2.07
25	29-Dec-18	04-Jan-19	2.08	2.05	2.07
26	05-Jan-19	11-Jan-19	2.08	2.05	2.07
Average Price					2.28

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(b) The average of the weekly high and low of the volume weighted average prices during the two weeks preceding the relevant date

Weeks (representing Two weeks from the relevant date)	From	To	Closing High	Closing Low	Average
1	29-Dec-18	04-Jan-19	2.08	2.05	2.07
2	05-Jan-19	11-Jan-19	2.08	2.05	2.07
Average Price					2.07

Notes:

1. The Relevant Date for the purpose of arriving at the minimum price in terms of ICDR Regulations is January 12th, 2019.
2. The highest trading volume in respect of the Equity shares of the Company has been recorded in National Stock Exchange of India limited ("NSE") during the twenty six weeks / two weeks immediately preceding the Relevant Date.
3. The average of the weekly high and low of the volume weighted average price of the related Equity shares quoted on NSE during the twenty six weeks preceding the Relevant date is Rs. 2.28 per equity share.
4. The average of the weekly high and low of the volume weighted average price of the related Equity shares quoted on NSE during the two weeks preceding the Relevant date is Rs. 2.07 per equity share.
5. Applicable Minimum Price is Rs. 2. 28 per equity share. (Higher of 3 and 4 above)

Thanking you,

Yours faithfully,
JBRK & Co,
Chartered Accountants
Firm Membership No: 005775 S

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P.S.Ranganath
Partner
Membership No: 200839

Place: Hyderabad
Dated: 11th January , 2019

Working Notes:

Working Note 1 - Valuation of ECESL as per Discounted Cash Flows (DCF) method:

While valuing ECESL as per DCF method, we have used 2 scenarios wherein the terminal value has been computed as per perpetuity growth model (DCF using FCFF) and the terminal value has been calculated as per exit multiple as well by taking (a) Price to Earnings (P/E) multiple method (DCF using exit multiples). We have given appropriate weights to both the methods to arrive at the Equity Value.

Rs. In Lakhs

Method	Weights	Equity Value	Weighted Equity Value
DCF using Perpetuity Growth Model DCF – FCFE – Using H Model	50%	7775.44	3887.72
DCF using EXIT Multiples Method DCF - P/E exit multiple	50%	11041.13	5520.57
Equity Value			9408.28
No.of Equity Shares Value per Equity share (Rs. per share)			400.00 23.52

Working Note 1.1 Valuation of ECESL under DCF method –FCFF method

Rs. In Lakhs

Particulars		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
		6 Months	Year	Year	Year	Year	Year
Free Cash Flow to Firm		265.79	230.38	241.60	601.60	711.60	881.60
Growth Rate of Free Cash Flow to Firm					149%	18%	24%
WACC	14.49%						
Time (in years)		0.5	1.5	2.5	3.5	4.5	5.5
Discount Factor		0.93	0.82	0.71	0.62	0.54	0.48
PV of Free Cash Flow to Firm		**248.41**	**188.07**	**172.28**	**374.70**	**387.14**	**418.94**
Valuation details:							
PV of Explicit Period							1,789.54
PV of Terminal Period							6,306.29
Enterprise Value							**8,095.83**
Less: Value of Debt Add: Cash and Equivalents							338.97 18.58
Equity Value							**7,775.44**

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Long Term Perpetual Growth Rate	5%
Time Period to reach from High Growth Rate to Long Term sustainable growth rate (in years)	4

Working Note 1.2Free Cash Flows Calculations (Rs. In Lakhs)

Particulars	2018-19 Projected	2019 -20 Projected	2020-21 Projected	2021-22 Projected	2022-23 Projected	2023-24 Projected
Earnings before Interest &Taxes(EBIT)	287.24	631.75	1016.64	1382.21	1658.38	1950.06
Cash Taxes on EBIT	0.00	0.00	0.00	0.00	165.84	195.01
Net Operating Profits less adjusted Taxes	287.24	631.75	1016.64	1382.21	1492.54	1755.06
Growth in NOPLAT	0.00%	119.94%	60.92%	35.96%	7.98%	17.59%
Depreciation	85.42	101.60	116.60	126.60	136.60	156.60
Gross Cash flow	372.66	733.35	1133.24	1508.81	1629.14	1911.66
Change in working capital	83.57	457.97	846.63	862.21	872.54	985.05
Increase in net other assets inclu .Capex	23.30	45.00	45.00	45.00	45.00	45.00
Gross Investment	106.87	502.97	891.63	907.21	917.54	1030.05
Operating free cash flow	265.79	230.38	241.60	601.60	711.60	881.60
Cash flow from non operating investments	0.00	0.00	0.00	0.00	0.00	0.00
Cash flow available to investors	265.79	230.38	241.60	601.60	711.60	881.60

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Working Note 1.3 Valuation of ECESL under DCF method - P/E exit multiple

The estimated Profit after Tax (PAT) of ECESL for FY2020 has been considered based on consensus estimates provided by the Management and applied an exit P/E multiple of the comparable companies to arrive at the terminal value. The terminal value has been discounted using an appropriate discount rate and the discount rate is adjusted to value the cash flows at endpoint of the measurement period.

Rs. In Lakhs

Particulars	FY 2018	FY 2019	FY 2020	Terminal Value
Profit After Tax	-398.75	249.10	631.75	
Net Cash Flows	-	-	-	631.75
Discount Rate (%)		14.49%	14.49%	
Present Value Factor - Year end Discounting		0.93	0.82	
P/E Exit Multiple				21.41
Terminal Value				13525.00
Present Value for explicit period				-
Present Value of Terminal period				11041.13
Equity Value				11041.13

Working Note 1.4: Computation of P/E multiple

Market Capitalization of the comparable companies has been consideredas on 11.01.2019from BSE/NSE//Money Control.

Rs. In Crores

Name of the company	No.of Shares	Weighted Average Price	Market Capitalization	PAT	P/E Multiple
Navneet Education	23.36	108.76	2540.63	127.5	19.93
CL Educate Limited	1.42	114.47	162.55	5.73	28.37
Zee Learn Limited	32.61	34.86	1136.78	49.28	23.07
Average					23.79
Discount (Note A)					10%
Multiples after discount					**21.41**

Note A: Discount to factor the application of current multiple at the end of 2 years for computing the Terminal Value on FY 2020.

Working Note 1.5: Computation of discount rate

Particulars	Value
Return on risk free investment (Rf)	6.00%
Expected risk free premium on Equity Investment (Rm)	10%
Beta (bm)*	0.90
Adjusted Expected Premium (Rm*bm) *	0.090
Cost of Equity (Ce = Rf + bm*Rm)	14.95%

*Source: Equity Master

Working Note 1.6: Weighted Average Cost of Capital (WACC):

Source of Capital	Amount Rs.In Lakhs	Proportion of Total Capital	Opportunity cost	Tax rate	After Tax cost	Contribution to weighted Average
Debt	338.97	0.08	12.00%	25%	9.00%	0.70%
Equity	4000.00	0.92	14.95%		14.95%	13.78%
WACC						14.49%

Thanking you,

Yours faithfully,
JBRK & Co,
Chartered Accountants
Firm Membership No: 005775 S

JBRK & Co. Hyderabad Chartered Accountants

P.S.Ranganath
Partner
Membership No: 200839

Place: Hyderabad
Dated: 11th January , 2019

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