

**REPORT OF THE AUDIT COMMITTEE OF SUNDARAM MULTIPAP LIMITED
RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION BETWEEN
SUNDARAM MULTIPAP LIMITED (TRANSFeree COMPANY) AND ITS 51%
SUBSIDIARY COMPANY NAMELY, E-CLASS EDUCATION SYSTEM LIMITED
(TRANSFEROR COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS AND
CREDITORS. (THE SCHEME)**

PRESENT:

Ms. Minjal V. Kadakia

Chairperson; Independent Director

Mr. Manikandan P. Kammenchery

Member; Independent Director

Mr. Kalpesh B. Parekh

Member; Independent Director

The Securities and Exchange Board of India vide its circular no. CFDIDIL3 /CIR/2017/21 dated 10th March, 2017 (SEBI Circular) as amended by as modified by Circular no. CFDIDIL3/CIR/2017/26 dated 23rd March, 2017 has, amongst other requirements, sought a report from the Audit Committee of listed companies recommending the Scheme.

The Audit Committee of the Board at the Meeting held on January 12th, 2019, has considered and reviewed the draft Scheme of Amalgamation between Sundaram Multipap Limited (Transferee Company) and its 51% subsidiary E-Class Education System Limited and their respective shareholders (Scheme) under the provisions of Sections 230 to 232 of the Companies Act, 2013 read with sections 13, 14 and 61 and other relevant provisions of the Companies Act, 2013 read with rules made there under, pursuant to above SEBI Circular.

This report of the Audit Committee is made in order to comply with the requirement of the aforesaid SEBI Circular after considering the following necessary documents:

- 1) Draft Scheme of Amalgamation comprising:
 - a) Amalgamation between Sundaram Multipap Limited (Transferee Company) and its 51% subsidiary E-Class Education System Limited in accordance with Section 2 (1B) of the Income Tax Act, 1961 and the consequential alteration of the main objects clause of the Memorandum of Association of Sundaram Multipap Limited and authorized share capital clause in the Memorandum and Articles of Association of Sundaram Multipap Limited and their respective shareholders under the provisions of Sections 230 to 232 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013 read with rules made there under, pursuant to above SEBI Circular;
- 2) Valuation Report dated January 11th, 2019, issued by M/s. JBRK & Co., Independent Chartered Accountants ("Valuation Report");
- 3) Fairness Opinion dated January 11th, 2019, issued by M/s. D & A Financial Services Private Limited, a Category I Merchant Banker ("Fairness Opinion");



- 4) Certificate dated January 10th, 2019 of JMR & Associates LLP, from the Statutory Auditors of the Company, Sundaram Multipap Limited regarding compliance with applicable Accounting Treatment.

Proposed Scheme of Amalgamation:

The Committee noted that the salient features of the Scheme are as under:

- a) The Scheme of Amalgamation (the Scheme) is presented under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act 2013 (including any statutory modification or re-enactment or amendment thereof) for amalgamation of E-Class Education System Limited with Sundaram Multipap Limited and their respective shareholders and Creditors ON SHARE SWAP BASIS.
- b) The Appointed Date of the Scheme is 1st April, 2018.
- c) The consideration for the acquisition of E-Class Education System Limited by way of amalgamation of the Transferor company with the Transferee company would be on the basis of share swap only.
- d) Upon the Scheme becoming effective, in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of the Scheme, the Transferee Company shall subject to the provisions of the Scheme and without any further application, act, payment or deed, issue and allot 202,272,000 (Rs. Twenty Crores Twenty Two Lakhs and Seventy Two Thousand) Number of Equity Shares of Rs.1/- (Rupees One) each, credited as fully paid-up in the capital of Transferee Company to the Equity Shareholders of Transferor Company or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title whose names appear in the Register of Members, on a date to be fixed by the Board of Transferee Company, 10.32 (Ten Decimal Three Two) equity shares of the nominal/face value of Rs. 1/- each fully paid up in the Transferee Company for every 1(one) equity share of Rs. 10/- fully paid up held by such member in the Transferor Company.
- e) The shares held by Sundaram Multipap Limited in E-Class Education System Limited will be cancelled upon the merger of E-Class Education System Limited with Sundaram Multipap Limited.
- f) Upon the merger of E-Class Education System Limited with Sundaram Multipap Limited all assets, liabilities, contracts, rights and obligations of the Transferor company as of the Effective Date will stand transferred to Sundaram Multipap Limited as defined in the Scheme.
- g) Upon the Scheme coming into effect, E-Class Education System Limited will stand dissolved without winding up.



After reviewing the Scheme, Valuation Report and Fairness Opinion, the Audit Committee also noted the rationale and benefits of the Scheme, which inter-alia includes the following:

- Rationalizing the group structure to ensure optimized legal entity structure more aligned with the business;
- Reorganizing the legal entity in the group structure so as to obtain significant cost savings and/or simplification benefits;
- Significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by E-Class;
- E-Class and Sundaram are engaged in complementary businesses and combining the businesses will result in enhancing shareholder value and leveraging on synergies in doing business;
- Rationalizing costs by elimination of administrative functions and multiple record-keeping.
- The organizational and operational structure would be simplified on completion of the Amalgamation.
- The enhanced net worth of Sundaram Multipap Limited after the Amalgamation will improve its ability to bid for larger projects and pursue bigger opportunities.

Recommendation of the Audit Committee:

The Audit Committee recommends the draft Scheme of Amalgamation for favourable consideration by the Board of Directors of the Company, the Stock Exchanges and the SEBI.

By Order of the Audit Committee
For Sundaram Multi Pap Limited

M. Kadakia

(X)



Minjal V. Kadakia
Chairperson of the Audit Committee
DIN: 07135977

Date: 12-01-2019
Place: Mumbai

