

Report of the Audit Committee of the Sword & Shield Pharma Limited

Members:

1. Mr. Kanjibhai Chaudhary - Chairman
2. Mr. Jayeshkumar Patel - Member

Background:

i. SWORD AND SHIELD PHARMA LIMITED

- Sword And Shield Pharma Limited, is a Public Limited Company incorporated in the state of Gujarat under the Companies Act, 1956 on February 28, 1995 and has obtained Certificate of Commencement of Business from the Registrar of Companies, Gujarat and Dadra Nagar Haweli as on March 7, 1995;
- The main object of the Company is of manufacturing and trading in pharmaceutical and pharmaceutical related products;
- The Trading of Equity Shares of the Company was suspended by the Stock Exchange in the year 2006, however the trading in the Equity Shares of the Company got revoked on January 12, 2017 vide notice no. 20170104-19 from BSE Ltd. dated January 4, 2017.

ii. PRAVEG COMMUNICATIONS LIMITED

- Praveg Communications Limited, was incorporated as a Private Limited Company on April 5, 2005 under the Companies Act, 1956 and simultaneously was converted into a Public Limited Company vide Fresh Certificate of Incorporation dated January 13, 2016;
- The Company is engaged in the business of Exhibitions and Event Managements and is reckoned among the leading Exhibition & Event Management Companies of India, having successfully managed more than 500 national & international exhibitions during the last 16 years. With an in-house modern design studio, a team of qualified and experienced professionals and sophisticated event infrastructure, the Company can execute and manage the most challenging of assignments;
- The Company has it's branches set up nationally as well as internationally in New Delhi, India, Mumbai, India, Sydney, Australia and Georgia, United States of America (USA);
- The Company also has 3 Subsidiary Companies viz. M/s. Praveg Tourism Private Limited (CIN: U74120GJ2012PTC069564) in which the Company holds 50.20% of the total Equity Shares, Praveg Communications Aus Pty. Ltd. which



is a wholly owned subsidiary Company incorporated in Australia and Praveg Communications USA Inc. which is also a wholly owned subsidiary Company incorporated in the United States of America (USA).

SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 and SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, inter-alia provides "Report from the Audit Committee recommending the Draft Scheme, taking into consideration, inter alia, the Valuation Report. The Valuation Report is required to be placed before the Audit Committee of the listed entity."

In the light of the aforesaid, the Audit Committee considered the following documents:

- a) Proposed Scheme of Amalgamation;
- b) Valuation Report of M/s. Harshesh Jasvani & Associates, Chartered Accountants, Ahmedabad, an Independent Chartered Accountant, in terms of SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 and SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017;
- c) Fairness opinion of M/s. Gretex Corporate Services Private Limited, a merchant banker on the valuation of assets and shares;
- d) Certificate as per Para 1(A)(5) of Annexure - I of SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 and SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 from M/s. B. K. Patel & Co., Chartered Accountants, Ahmedabad, Statutory Auditors of the Company, confirming that the accounting treatment contained in the Scheme is in compliance with the applicable Accounting norms.

PROPOSED SCHEME OF AMALGAMATION:

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

- The Scheme provides for merger of Praveg Communications Limited with the Company;
- The Appointed Date shall be 1st April, 2016 or such other date as may be fixed or approved by the Tribunal or such other competent authority, as may be applicable and the Effective Date shall be the date on which the certified copy of the order sanctioning this Scheme, passed by the Tribunal or such other competent authority, as may be applicable, is filed by both the companies with Registrar of Companies, Gujarat at Ahmedabad;
- Consideration - 75 (seventy five) fully paid-up equity shares of face value of Rs. 10/- (rupees ten only) of Sword & Shield Pharma Limited to be issued to the shareholder of the Praveg Communications Limited under this Scheme;
- Upon the proposed merger becoming effective, all assets, liabilities, contracts, rights, obligations etc. of Praveg Communications Limited as at the effective date shall stand transferred to Sword & Shield Pharma Limited; and



- Upon Scheme coming into effect, Praveg Communications Limited shall stand dissolved without any further act or deed.

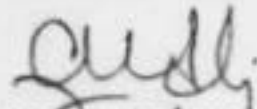
After reviewing the Scheme, Valuation Report and Fairness Opinion, the Audit Committee also noted the rationale and benefits of the Scheme, which inter-alia includes the following:

- (i) Integrating and combining the resources of the two companies.
- (ii) Reduction in administrative costs, effect internal economies and optimize profitability.

RECOMMENDATION OF THE AUDIT & RISK MANAGEMENT COMMITTEE:

The Audit Committee recommends the draft scheme of amalgamation for favorable consideration by the Board of Directors of the Company, the Stock Exchanges and the SEBI.

For and on behalf of the Audit Committee of
SWORD AND SHIELD PHARMA LIMITED



KANJIBHAI CHAUDHARY
CHAIRMAN

Date : May 2, 2017

Place : Ahmedabad

