



Report of the Audit Committee Of Delta Corp Limited recommending the draft Scheme of Amalgamation of Gauss Networks Private Limited ("Gauss" or "the Transferor Company") with Delta Corp Limited ("DCL" or "the Transferee Company") ('Scheme of Amalgamation') at its meeting held on Tuesday August 30, 2016 at Bayside Mall, 2<sup>nd</sup> Floor, Opp. Sobo Central Mall, Tardeo Road, Haji Ali, Mumbai- 400034.

<b>Members Present:</b>	
Mr. Ravinder Kumar Jain	Chairman (Independent)
Mr. Rajesh Jaggi	Member
Dr. Vrajesh Udani	Member
<b>In Attendance:</b>	
Mr. Hardik Dhebar	Chief Financial Officer
Mr. Dilip Vaidya	Company Secretary

In accordance with applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations, 2015") read with Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015 ("SEBI Scheme Circular"), SEBI has, amongst other requirements, sought a report from the Audit Committee of the Listed Companies recommending the draft Scheme of Amalgamation after taking into consideration, inter alia, Valuation Report and Fairness Opinion.

#### 1. Background:

The management has placed before the Audit Committee a Scheme of Amalgamation of the Transferor Company with the Transferee Company ('the Scheme') for recommendation of the scheme by the audit committee to the Board of Directors as required vide the SEBI Scheme Circulars.





## 2. Documents placed before the Committee

The following documents were placed before the Audit Committee:

- a) Draft Scheme of Amalgamation;
- b) Valuation report dated August 30, 2016 by M/s. Sharp and Tannan, Chartered Accountants;
- c) Fairness Opinion dated August 30, 2016 of M/s. Systematix Corporate Services Limited, an Independent Category -I Merchant Banker;
- d) Certificate obtained from the Statutory Auditors of the Company i.e. M/s. Walker Chandiook & Co, LLP, Chartered Accountants confirming that the Scheme is in compliance with the applicable accounting treatment notified under Companies Act, 2013 and other generally accepted principles;
- e) Audited financial statements of the Transferor Company and Transferee Company for the year ending March 31, 2016, March 31, 2015 and March 31, 2014;
- f) Undertaking with regard to the non-applicability of requirements as prescribed in Paragraph 9(a) of SEBI Circular No. CIR/CFD/CMD/16/2015, dated 30 November, 2015, duly certified by Statutory Auditors of the Transferee Company, i.e. M/s Walker Chandiook & Co, Chartered Accountants.

## 3. Features of the Scheme

3.1 The salient features of the draft Scheme are as under:

- a. Amalgamation of Gauss Networks Private Limited into Delta Corp Limited.
- b. Proposed Appointed Date for the amalgamation is 1<sup>st</sup> April, 2016.




**DELTA CORP LIMITED**

- c. Upon becoming effective, the Transferor Company shall be dissolved without winding-up and its wholly owned subsidiary, Gaussian Networks Private Limited, will become a subsidiary of Transferee Company.
- 3.2 The amalgamation of the Transferor Company with the Transferee Company would have the following benefits:
- Increase in Transferee Company's business horizon and increase its overall footprint, thereby consolidating its overall leadership position;
  - Integration of operations; and
  - Greater financial strength and flexibility for the merged entity.
- 3.3 The Audit Committee reviewed the Valuation report and noted that the said report recommended the following share exchange / share entitlement ratio:

"3,000 (Three Thousand) fully paid up Optionally Convertible Preference Shares of Rs. 21,667 (Twenty One Thousand Six Hundred and Sixty Seven) each of DCL shall be issued and allotted to each of Mr. Mohit Aggarwal and Mr. Anuj Gupta respectively (shareholders of Gauss)"

"1 (One) fully paid up Optionally Convertible Preference Shares of Rs. 21,667 (Twenty One Thousand Six Hundred and Sixty Seven) each of DCL shall be issued and allotted for every one fully paid up equity share of Rs.10 held in Gauss"

"(One) fully paid up 1% Redeemable Preference Shares of Rs. 21,667 (Twenty One Thousand Six Hundred and Sixty Seven) each of DCL shall be issued and allotted for every one fully paid up equity share of Rs.10 held in Gauss"





#### 4. Confirmations:

The fairness opinion confirmed that the consideration in the valuation report is fair to the company, Transferee Company and its shareholders and it concurs with the rationale of the Scheme of Amalgamation and the public shareholders of the Transferee Company are not likely to be affected and/or prejudice by the Scheme of Amalgamation.

Further, M/s. Walker Chandiook & Co, LLP, Chartered Accountant, Statutory Auditors of the Transferee Company have confirmed that the accounting treatment as specified in the Scheme of Amalgamation are in accordance applicable accounting standards specified under the provisions of the Companies Act, 1956 and/or Companies Act, 2013 and the generally accepted accounting principles in India.

#### 5. Recommendation of the Audit Committee:

The Audit Committee recommends the draft Scheme of Amalgamation of Gauss Networks Private Limited with Delta Corp Limited ('the Scheme'), *inter-alia* taking into consideration the valuation report and the fairness opinion report, for favorable consideration by the Board of Directors of the Company, the Bombay Stock Exchange Limited, the National Stock Exchange of India Limited and Securities and Exchange Board of India.

Date: August 30, 2016

Place: Mumbai



  
CHAIRMAN