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W19524

SUNDARAM MULTI PAP LTD.: REVIVING FORTUNES

Shalini Talwar and Reena Mehta wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

Amrut P. Shah, the chairman and managing director of Sundaram Multi Pap Ltd. (Sundaram) was worried. After several years of business success, Sundaram was experiencing financial difficulties. In 2015, for the first time in many years, the board of directors had not recommended any dividend; the loss incurred by the company in the financial year (FY) 2014/15 precluded a dividend for that year.[1] Since then, the company's consolidated profits had remained in the red, and the company still had not been able to pay any dividends.[2] The day before, on September 15, 2017, the company's stock price had plunged to ₹3.20[3] from a high of ₹23.10 on October 8, 2013.[4] It was difficult for Shah to reconcile himself to such a painful swing in fortunes.

The 32-year journey, which commenced in 1985, played before Shah's eyes. He recalled the effort and determination with which he and his brother, Shantilal P. Shah, currently the whole-time director of the company,[5] had started a business partnership to convert paper into stationery in a 300-square-foot loft.[6] Friends and acquaintances had supported them, and the business had flourished.

Soon, they invested in a small office in Lower Parel, a well-known locality in South Mumbai, India. In 1986, they bought a parcel of land in Palghar, a town in Konkan Division in the state of Maharashtra, and began making paper stationery in their own factory. Subsequently, the brothers converted their partnership into a public limited company, incorporated in 1995. The business size on incorporation was ₹80 million. Thereafter, the company grew and became a leading player in the business of school and office stationery in Maharashtra.

How and why had things changed dramatically for a company that had been a strong brand in the education stationary market in western India for almost three decades? In Maharashtra, Sundaram was one of the top two brands, with a market share of 15 per cent. Changing market dynamics had posed their challenges, and Shah thought some past decisions could have magnified the company's distress. The company had bought a failing paper mill in FY 2006/07, intending to use the mill for backward integration to make the company's paper. But the mill lost money, and the company was unable to sustain the loss-making unit. The company had also diversified into digital education with a wholly owned subsidiary, but the subsidiary, too, had drained the resources of the parent company.

Shah did not want to see his life's work disappear. He was determined to revive the fortunes of his company and take it to the next level of growth. But how? Were expenses the problem, or was it the debt? Was the digital business eating away too much of Sundaram's profits? Could the digital business break even and earn profits soon, or was it time for Sundaram to divest of the subsidiary to protect the parent company's core business of paper stationery? Were there other approaches to boost the dwindling margins of the core business?

INDUSTRY OVERVIEW

Paper Stationery Business

The size of the Indian stationery industry was ₹200 billion in December 2016 and was expected to register a compound annual growth rate (CAGR) of 15 per cent in the coming few years.[7] In fact, in 2017, paper stationery held the highest revenue share in the stationery segment as a whole. According to a report released by Ken Research, the exercise notebook market in India was expected to garner revenue of ₹334.6 billion by FY 2019/20.[8]

The market momentum was likely to be sustained because the paper stationery business was directly related to the rate of literacy, and the literacy rate in India was likely to increase as the government undertook efforts to drive it to 100 per cent.[9] These efforts boosted education in India. Government initiatives such as the National Policy on Education, a policy that promoted education at all levels in India,[10] and Sarva Shiksha Abhiyan, a program to universalize elementary education,[11] also drove growth in India's education sector, which in turn catalyzed growth in the stationery sector.

Rapid growth of the stationery market in India was anticipated since the country had nearly 220–240 million students, and each would require notebooks and other stationery for studying. Further, the increase in the number of schools and offices, combined with an improved standard of living, had shifted demand from inexpensive to premium quality products.[12]

The market for exercise notebooks in India had attained notable valuation in the recent past. Companies like Classmate by ITC Ltd., Navneet Education Ltd., Kokuyo Camlin Ltd., Sundaram, and others pushed the growth of the segment, and the price of the notebooks had grown five- to six-fold in recent decades.[13] Over the same period, a Japanese stationery major, Shachihata Inc., had also announced a large investment in India.[14] Online sellers like Flipkart Pvt. Ltd. and Amazon.com Inc. were stocking paper stationery products in India as well.

The paper stationery sector of India was classified under small and medium enterprises (SMEs) and played an important role in the Indian economy by generating employment and tax revenues.[15] However, the sector faced some challenges due to its fragmented nature. Unorganized players dominated the sector and posed a threat to the organized players, who faced bottlenecks in their growth due to a lack of funding, regulatory pressures, a shortage of capacity-building programs, the absence of an investor-friendly environment, and a lack of tax incentives or subsidies. Nonetheless, the organized sector appeared to be growing. According to ITC, who claimed to have a 20 per cent share of the organized notebook market, the share of the segment held by the organized sector had increased from 6–7 per cent, when ITC entered the segment in 2003, to about 35 per cent in 2015.[16] Demonetization of certain currency notes, undertaken in 2016, and the introduction of a goods and services tax in 2017 were expected to encourage the unorganized trade to fall in line with the organized segment, thus further reducing the fragmented nature of the industry.[17]

A peculiarity of the segment was that notebooks were a seasonal category, with a large portion of total sales occurring in the six months around the back-to-school period; sales over the rest of the year consisted largely of only top-up demands. Further, customer loyalty was low in this segment, with buyers preferring to choose the brand that was readily available and provided by the retailers. Notably, some companies in the sector were involved in research and development to ensure sustainability across the chain of production by consuming fewer trees and water. This could allay concerns that the paper used to make notebooks was harming the environment.

Digital Education Business

The demand for e-learning content—spurred by increasing government initiatives promoting e-learning, growing adoption of technology, and improved access to quality education—was likely to be high in India for the foreseeable future, and e-learning content was convenient and affordable. Government-funded projects for literacy development in rural areas of India were major drivers of e-learning initiatives. Government efforts to increase student enrolment in higher education and distance learning could also propel market expansion in the e-learning segment.[18] The government's Digital India and Skill India campaigns were also boosting the use of technology in education. Further, new and emerging professions and an increasingly digital business environment were making it imperative that learners be digitally savvy and skilled.

India had become the second-largest market for e-learning, after the United States. In 2015, a report issued by the UK–India Business Council predicted India's e-learning sector would grow at a CAGR of17.4 per cent between 2013 and 2018—twice as fast as the global market.[19] In 2017, KPMG and Google predicted that the online education industry in India would reach US$1.96 billion by 2021, with approximately 9.6 million users. This was a significant increase from the estimated market value of US$247 million in 2016, with approximately 1.6 million users.[20]

Some of the e-learning companies in India were EI Design Pvt. Ltd., Paradiso Solutions, Shezar Web Technologies Pvt. Ltd. (Shezartech), the Center for eLearning and Training (CeLT), G-Cube Solutions, NIIT Ltd., Zeus Learning Pvt. Ltd., eNyota Learning Pvt. Ltd., the Boston Consulting Group, Upside Learning Solutions Pvt. Ltd., Webanywhere Ltd., Genpact India Pvt. Ltd., and Excelsoft Technologies Pvt. Ltd.[21]

SUNDARAM MULTI PAP LTD.

Overview

Sundaram was in the business of producing paper stationery products and paper at a mill and developing digital educational content for upper primary and secondary education. With its head office in Mumbai, Sundaram was incorporated on March 13, 1995, as a public limited company, promoted by Amrut Shah and his brother, Shantilal. Sundaram took over the partnership firm Starline Industries, taking on the partnership's assets, business, and bank liabilities.[22] On February 23, 1996, the company went public with its initial public offering (IPO), offering 1.8 million equity shares worth ₹10 each for cash at par. The IPO earned ₹18 million, and the company was listed on the Pune and Ahmedabad stock exchanges.[23] In 2005, the company split the face value of its shares from ₹10 to ₹1. In 2010, the equity shares were also listed on the Bombay and National stock exchanges. In 2012, Sundaram announced a bonus issue of two equity shares for every equity share held by stockholders (see Exhibit 1 or Excel Student Spreadsheet, Ivey product no. 7B19M115).[24]

The company had been in the education sector for 32 years and was an established player in the paper stationery market, offering over 200 varieties of paper stationery products that were sold through its distribution network of 15,000 dealers and distributors. The company designed, manufactured, and marketed paper stationery including exercise notebooks, long books, note pads, scrapbooks, drawing books, and graph books for students of all ages. The company also produced office stationery and printing products, writing, and packaging paper. It introduced softbound long books (A5-sized notebooks)., exercise books, foolscap (8.0 wide x 13.0 inches high) books, notebooks, drawing books in various sizes and price ranges, and loose answer sheet packs. Sundaram used thread stitching for books instead of the age-old centre pinning or staples. It sold more than 500,000 every day.[25]

In FY 2008/09, Sundaram formed a subsidiary, Sundaram Edusys Pvt. Ltd., to take advantage of the growing market for delivering education digitally in India. This foray into the digital business was the initiative of Shah's son, Hardik, marking the entry of the next generation into the family business. The subsidiary, renamed E-Class Education System Ltd. (E-Class) in 2011, was a pioneer in digital education initiatives at schools in Maharashtra. It commenced its commercial operation in February 2011 and had grown over the years (see Exhibit 2).

The company leveraged the power of computers and used a blend of Internet, mobile and smartphone applications, Android memory cards, pen drives (USB flash drives), and other digital communication technologies to offer digital educational products mapped to the Maharashtra State Board of Secondary and Higher Secondary Education for first to tenth standard syllabus courses for all subjects, in Marathi, English, Hindi, and Urdu languages. E-Class also supplied its product to the Directorate of Primary Education, which was responsible for 41,286 primary schools and 19,152 upper primary schools.

The company had over 500,000 students learning from its educational content. With Android educational memory cards introduced in 2016, E-Class had powered over 60,000 tablets in the state with offline educational content. The company had set up audio-visual classroom systems for the state's schools, and in 2017, it introduced its first online learning application (app), called EDZAM.[26] The app provided complete educational videos online, providing users with access to over 4,000 videos.

Manufacturing and Marketing

The company had a manufacturing unit at Palghar District, which was spread over 1.6 hectares of land.[27] By adding new units over the years, the company's capacity had been expanded from converting 5 tonnes of paper per day into paper stationery in 1995 to converting 20 tonnes per day in 1998, 50 tonnes per day in 2001, and 60 tonnes per day in 2003. In FY 2009/10, the company expanded the Palghar manufacturing facilities to increase its capacity again, this time converting 120 tonnes of paper per day into paper stationery (see Exhibit 3).

The company had always procured its paper from suppliers, but as the company grew, management decided to manufacture its own paper rather than source it from outside. In its bid to expand its operations through backward integration, the company bought a paper mill in Nagpur in FY 2006/07.

As part of its marketing strategy, Sundaram gave each notebook a different cover, with the cover changing about every six months. The company used the changing covers to run competitions and campaigns on the back covers of its books.[28] Prominent in this effort was a campaign to save animals, promoted by placing pictures of animals on the front cover of its books.

The company's marketing plan largely focused on radio advertisements, print ads, competitions, and other activities (see Exhibit 4). Large-scale press coverage and public relations activities in newspapers and magazines were also a large part of the company's promotional strategy. In addition, the company had been trying to generate revenue by selling ad space on the back cover of Sundaram books to corporations.

THE DWINDLING FORTUNES

Sundaram had recorded profits and announced dividends every year for more than a decade, up to and including FY 2013/14 (see Exhibit 5). The company's paper stationery business had registered a steady year-on-year growth, with sales growing at an average of more than 23 per cent annually, from FY2004/05 to FY 2010/11 (see Exhibit 6). Sales fell in FY 2012/13 but increased the next year. Still, in FY 2013/14, Sundaram's profit after taxes from the stationery business declined to ₹1 million from ₹45 million reported the previous FY. The drop was largely the result of a decrease in sales revenue and an increase in interest payments (see Exhibits 7 and 8). A dividend of ₹0.01 per share (a 1 per cent dividend) was recommend for FY 2013/14, which was the last year a dividend payment had been made. In FY 2014/15, the company reported losses on a consolidated basis and had not announced any dividend since. Sales had continued to decline through to FY 2016/17.

Sundaram's declining financial position was exacerbated by losses sustained by its digital education subsidiary, which started its commercial production in February 2011. Given that there was a combination of about five million students in the eighth, ninth, and tenth standards in Maharashtra in 2011 and that the initial response to E-Class was positive, Sundaram anticipated great potential in marketing the e-learning business. The company expected to lead in the e-learning field within two years' time. However, that was not how things turned out.

E-Class's revenue was ₹25 million in the first year of its commercial operation, but it made a loss of ₹19 million (see Exhibit 9). The subsidiary's losses continued to mount, increasing from ₹28.71 million in FY 2011/12 to ₹34.82 million in FY 2012/13, ₹36.9 million in FY 2013/14, ₹59.22 million in FY 2014/15, and ₹23.05 million in FY 2015/16. The subsidiary's gross revenue for FY 2016/17 stood at ₹48.98 million, as compared to ₹25.07 million in the previous financial year, but E-Class reported a negative profit after taxes yet again (see Exhibits 10 and 11).

For Sundaram as a whole, there were some signs of reversing fortunes in FY 2016/17. The consolidated revenue from the operations increased to ₹992.40 million for FY 2016/17 from ₹985.30 million in FY 2015/16. The company also reduced its net loss after tax in FY 2016/17 to ₹58.43 million from ₹87.18 million in the previous year. However, due to continued losses, a dividend was not recommended and a transfer to reserves was not made (see Exhibits 12 and 13).

CHALLENGES

As a brand, Sundaram had always enjoyed strong recall among consumers. In its bid to remain competitive and grow further, the company modernized its plants and bought upgraded, automatic machines to produce quality products. Having sustained its competitive position for many years, the company sought to diversify into the digital education business and also acquired an ailing paper mill to try its hand at paper manufacturing. However, these two important growth and diversification initiatives of the company did not turn out as anticipated.

Pursuing a strategy of backward integration, the company purchased Vidarbha Paper Mills Ltd. in Nagpur in a swap ratio so Sundaram could make its own paper for stationery. After acquisition, management appointed Amit Shah, a family member, to run the mill. It ran profitably from 2007 to 2014. When Amit needed to move from Nagpur for personal reasons, the company appointed a professional management team to run the mill. During the team's tenure, there were thefts and misappropriation of funds, which led to the profit-making unit running into huge losses after 2014. The company lost ₹250–₹300 million in the process.

On November 14, 2014, Sundaram's board of directors announced its plan to permanently close the Nagpur paper unit, subject to the completion of necessary formalities. As of March 31, 2016, the mill was carrying assets worth ₹310.70 million (the previous year was ₹327.93 million), and its liabilities were ₹41.55 million (₹41.97 million in the previous year). In the board's opinion, the assets had a value on realization at least equal to the amount at which they were stated in the balance sheet. Shah was concerned, however, because the plant remained unsold.

Though E-Class was able to penetrate the market in Maharashtra and procure some prestigious government contracts, it had not yet broken even. Shah had estimated that Sundaram had already lost ₹150–₹200 million in this venture, and the losses continued to mount, dragging down the performance of the entire group.

In addition, the company faced challenges from the changing market dynamics. The sales revenues from Sundaram's core business were also declining over the years. During FY 2016/17, sales revenue for exercise books and papers was ₹943.45 million, down from ₹960.21 million in the previous year.

An increase in the number of market players in the sector and tough competition forced the company to maintain competitive pricing of its products, which, in turn, reduced the sales income. Margins also reduced. Because there was a shortage of paper, which was raw material for the company, the price of input had also gone up drastically. A general shift toward use of computers also compressed the sales, and the trend might continue in the future.

In line with its strategy to expand and grow further, the company expanded its manufacturing capacity over the years. However, much of the installed capacity had remained unutilized, and the manufacturing unit had been running at only 60 per cent capacity. With high levels of debt, management had not been able to procure ample paper to produce exercise books; therefore, the capacity utilization fell further and sales in FY 2016/17 became almost half of their peak level, achieved in 2011.

Burdened by interest expenses, the company had opted to restructure its debt in September 2014 and had reduced the debt to as much as ₹450 million by December 2016. The debt had been reduced by liquidating Sundaram's non-core assets located at Palghar and Mumbai and by raising funds from qualified institutional buyers.[29] Though the debt was reduced and the interest burden lightened, interest expenses were still high.

The company had been operating from rented premises in Mumbai since 2014, and management needed to decide how to revive the company. They tried to reduce Sundaram's administrative overhead by eliminating some levels in senior management in 2013. They were also contemplating setting up an in-house press, increasing marketing efforts, and exploring markets in other states in a bid to make the company profitable again.

Shah and his team faced some tough challenges and needed to make some decisions quickly. Should Sundaram divest some of its assets or invest more to revive its business? Should the company exit the digital education market? And what should it do with the unsold paper manufacturing mill at Nagpur? Finally, how could Sundaram boost the falling turnover in its core segment?

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EXHIBIT 1: SUNDARAM SHAREHOLDING PATTERN, AS OF MARCH 31, 2017

Category	No. of Shares Held	% of Holding
A. PROMOTER'S HOLDING		
Promoters		
Indian promoters (individuals and HUF*)	69,155,585	28.17
Body corporate, central government, state government, and banks	0	0.00
Foreign promoters	0	0.00
Subtotal (A)	**69,155,585**	**28.17**
B. PUBLIC SHAREHOLDING		
1. Institutional Investors		
Financial institutions and banks	150,000	0.06
Insurance companies, central government, and state government	9,000,000	3.66
Foreign institutional investors	0	0.00
Subtotal (B1)	**9,150,000**	**3.73**
2. Non-Institutional Investors		
Bodies corporate	23,613,957	9.61
Individual shareholders holding nominal share capital up to ₹0.1 million	70,917,750	28.87
Individual shareholders holding nominal share capital in excess of ₹0.1 million	59,104,056	24.06
Non-resident Indians and overseas corporate bodies (OCBs)	4,044,504	1.65
Any others (clearing member)	9,619,921	3.92
Sub Total (B2)	**167,300,188**	**68.11**
GRAND TOTAL (A) + (B1) + (B2)	**245,605,773**	**100.00**

Note: * HUF = Hindu Undivided Family, extended family units that had pooled their assets for investment.
Source: Sundaram, *23rd Annual Report 2016–17*, accessed January 25, 2019, www.sundaramgroups.in/wp-content/uploads/2011/11/Sundaram-Annual-Report-2016-17.pdf.

EXHIBIT 2: EVOLUTION OF E-CLASS

2011	Introduced curriculum and content for Maharashtra State Board of Secondary and Higher Secondary Education for eighth, ninth, and tenth standards.
2012	After getting a good response for the content, developed first to seventh standard educational content covering the entire kindergarten to tenth grade study group.
2014	Introduced E-class in more than 500 additional schools. Provided products to over 10,000 students for their self-learning.
2015	Introduced new Android mobile app and memory card. Won the tender to provide 25,000 tablets and memory cards with their content to students of the Municipal Corporation of Greater Mumbai (MCGM) for a period of three years.
2016	Got an extension to the tender and provided 25,000 more tablets with educational content to MCGM students for a period of three years. E-Class was the only company to provide 50,000 tablets with content to students.
2017	Introduced its first online learning app, called EDZAM, in June 2017. The app provided complete educational videos online, and the user had access to over 4,000 videos. The system was implemented in more than 100 Zilla Parishat schools in the current academic year.

Note: Zilla Parishat schools were government secondary schools managed and funded by the local, district authorities.
Source: "Company Profile: E-Class Learning Revolution," E-Class, accessed January 25, 2019, www.e-class.in/company-profile.

EXHIBIT 3: SUNDARAM'S MANUFACTURING FACILITIES

Source: "Manufacturing Unit," Sundaram, accessed January 25, 2019, www.sundaramgroups.in/manufacturing-unit.

EXHIBIT 4: SUNDARAM'S PRODUCT MARKETING STRATEGIES

Source: "Product Marketing," Sundaram, accessed January 25, 2019, www.sundaramgroups.in/product-marketing.

EXHIBIT 5: SUNDARAM'S DIVIDEND PAYMENT RECORD

Announcement Date	Dividend Type	(%)	Remarks
2005-08-01	Final	11	AGM
2006-08-29	Final	20	AGM
2007-09-03	Final	20	—
2008-06-30	Final	10	AGM
2009-07-01	Final	10	
2010-05-24	Final	20	—
2011-05-31	Final	20	₹0.20 per share (20%) dividend
2012-05-31	Final	6.62	Dividend revised from ₹0.20 per share (20%) to ₹0.0662 per share (6.62%)
2013-05-30	Final	10	₹0.1000 per share (10%) dividend
2014-05-26	Final	1	₹0.0100 per share (1%) dividend

Note: ₹ = INR = Indian rupees; AGM = annual general meeting.
Source: "Sundaram Multi Pap," Money Control, accessed January 25, 2019, www.moneycontrol.com/company-facts/sundarammultipap/dividends/SMP02.

EXHIBIT 6: SUNDARAM, PERFORMANCE HIGHLIGHTS (2005–2013), IN ₹ MILLIONS

	Year ended March 31st								
Profit and Loss Account	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Net Sales	555.5	693.3	819.6	1,108.0	1,297.0	1,500.3	1,919.6	1,750.1	1,815.5
Other Income	1.1	1.4	7.3	11.3	15.3	17.4	7.8	11.9	10.1
Total Income	556.6	694.7	826.9	1,119.3	1,312.3	1,517.6	1,927.4	1,762.0	1,825.6
Profit before Depreciation, Interest, Tax, and Extraordinary Items (PBDIT)	40.2	67.6	86.2	152.5	164.9	217.5	240.0	223.5	243.6
Profit before Tax (PBT) (after Extraordinary Items)	20.2	51.8	64.6	94.4	58.2	105.2	131.3	102.5	74.7
Profit after Tax (PAT)	13.4	33.7	41.5	81.0	56.2	77.4	86.5	77.1	45.5
Dividend including Dividend Distribution Tax	3.7	7.4	8.3	8.4	8.4	16.8	16.8	16.7	25.1
PBDIT as % of Total Income	0.722	0.973	1.042	1.362	1.256	1.433	1.245	1.268	1.334
PAT as % of Total Income	0.241	0.485	0.500	0.723	0.428	0.693	0.449	0.438	0.249
EPS (₹)	0.040	0.104	0.119	0.115	0.078	0.112	0.120	0.036	0.021

Source: Sundaram, *16th Annual Report 2010*, accessed January 25, 2019, http://sundaramgroups.in/wp-content/uploads/2012/01/Sundaram_Annual_reports_2009-2010.pdf; and Sundaram, *19th Annual Report 2012–13*, accessed January 25, 2019, www.sundaramgroups.in/reports/SundaramFinal%2012.pdf.

EXHIBIT 7: SUNDARAM, STANDALONE STATEMENT OF PROFIT AND LOSS (2013–2017), IN ₹ MILLIONS

Year ended March 31st	2013	2014	2015	2016	2017
INCOME					
Revenue from Operations	1,815.46	1,540.86	833.02	960.21	943.45
Other Income	10.12	6.42	1.95	2.98	9.01
Total Income (I)	**1,825.58**	**1,547.28**	**834.98**	**963.19**	**952.46**
EXPENSES					
Cost of Materials Consumed	683.54	682.96	593.38	598.51	620.47
Purchase of Stock in Trade	664.36	555.75	208.64	19.15	30.93
Changes in Inventories of Finished Goods and Work in Progress	35.20	(74.86)	(113.90)	123.19	35.96
Employee Benefits Expenses	48.16	34.84	36.11	31.53	37.29
Finance Costs	120.77	137.34	121.65	99.25	100.37
Depreciation and Amortization Expenses	48.13	48.41	33.07	32.77	32.21
Other Expenses	150.67	156.09	96.89	68.57	65.33
Total Expenses (II)	**1,750.83**	**1,540.54**	**975.83**	**972.98**	**922.57**
Profit (Loss) before Extraordinary Items and Tax: (I) − (II)	**74.74**	**6.74**	**(140.85)**	**(9.79)**	**29.89**
Other Income					
Exceptional Items	0.00	0.00	(34.03)	(68.87)	(94.93)
Profit before Tax	74.74	6.74	(174.88)	(78.66)	(65.04)
Tax Expenses and Benefits					
(1) Current Tax	23.45	4.61	0.00	0.00	0.00
(2) Deferred Tax	5.68	2.55	0.00	(14.40)	(21.73)
(3) Short (Excess) Provision of Earlier Years	0.09	(1.44)	(7.42)	(0.14)	(0.25)
Total Tax Expenses	29.23	5.72	(7.42)	(14.54)	(21.98)
Profit for the Year	**45.51**	**1.03**	**(167.47)**	**(64.12)**	**(43.06)**

Source: Sundaram, *19th Annual Report 2012–13*, accessed May 30, 2019, www.sundaramgroups.in/reports/SundaramFinal%2012.pdf; Sundaram, *20th Annual Report 2013–14*, accessed May 30, 2019, www.sundaramgroups.in/reports/Sundaram%20Annual%20Report%202013-14.pdf; Sundaram, *21st Annual Report 2014–15*, accessed May 30, 2019, www.sundaramgroups.in/reports/SUNDARAM%20MULTI%20PAP%20ANNUAL%20REPORT%202014-15%20FINAL.pdf; Sundaram, *22nd Annual Report 2015–2016*, accessed May 29, 2019, www.sundaramgroups.in/wp-content/uploads/2011/11/Sundaram-Annual-Report-2015-16.pdf; Sundaram, *23rd Annual Report 2016–2017*, accessed May 30, 2019, www.sundaramgroups.in/wp-content/uploads/2011/11/Sundaram-Annual-Report-2016-17.pdf.

EXHIBIT 8: SUNDARAM, STANDALONE BALANCE SHEET (2013–2017), IN ₹ MILLIONS

Year ended March 31st	2013	2014	2015	2016	2017
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	215.61	215.61	215.61	215.61	245.61
Reserves and Surplus	923.62	1,365.87	912.84	802.22	852.16
Total Shareholders' Funds	**1,139.22**	**1,581.48**	**1,128.45**	**1,017.83**	**1,097.76**
Non-Current Liabilities					
Long-Term Borrowings	264.16	197.45	468.47	218.39	166.47
Deferred Tax Liabilities (Net)	33.58	36.13	36.13	21.73	0.00
Long-Term Provisions	2.69	2.69	3.39	1.19	1.42
Total Non-Current Liabilities	**300.43**	**236.28**	**508.00**	**241.31**	**167.89**
Current Liabilities					
Short-Term Borrowings	847.14	879.78	363.66	431.16	543.26
Trade Payables	313.89	140.50	94.37	95.02	140.32
Other Current Liabilities	154.30	145.64	222.24	278.59	78.68
Short-Term Provisions	29.30	2.52	4.00	1.57	1.20
Total Current Liabilities	**1,344.63**	**1,168.44**	**684.28**	**806.33**	**763.46**
Total Equity & Liabilities	**2,784.28**	**2,986.19**	**2,320.72**	**2,065.47**	**2,029.11**
ASSETS					
Non-Current Assets					
Fixed Assets					
Tangible Assets	831.62	1,285.11	942.42	862.26	839.62
Intangible Assets	32.09	24.07	20.06	10.03	0.00
Capital Work in Progress	29.61	0.00	0.00	0.00	0.00
	893.32	**1,309.17**	**962.48**	**872.28**	**839.62**
Non-Current Investments	150.05	150.05	150.05	250.00	387.00
Deferred Tax Assets (Net)	0.00	0.00	0.00	0.00	0.00
Long-Term Loans and Advances	49.83	13.59	4.11	4.22	4.22
Other Non-Current Assets	0.00	0.00	0.00	0.00	0.00
	199.88	**163.64**	**154.16**	**254.22**	**391.22**
Total Non-Current Assets	**1,093.20**	**1,472.81**	**1,116.63**	**1,126.50**	**1,230.84**
Current Assets					
Inventories	543.74	607.51	640.43	419.29	296.03
Trade Receivables	807.57	489.53	217.44	270.48	336.31
Cash and Cash Equivalents	14.83	6.11	6.07	13.24	1.84
Short-Term Loans and Advances	324.64	410.09	339.99	235.81	163.91
Other Current Assets	0.30	0.15	0.15	0.15	0.19
Total Current Assets	**1,691.08**	**1,513.38**	**1,204.09**	**938.97**	**798.27**
Total Assets	**2,784.28**	**2,986.19**	**2,320.72**	**2,065.47**	**2,029.11**

Source: Sundaram, *19th Annual Report 2012–13*; Sundaram, *20th Annual Report 2013–14*; Sundaram, *21st Annual Report 2014–15*; Sundaram, *22nd Annual Report 2015–2016*; Sundaram, *23rd Annual Report 2016–2017*; all accessed May 30, 2019, www.sundaramgroups.in/investors/annual-report-of-sundaram.

EXHIBIT 9: E-CLASS, FIRST YEARS FINANCIAL HIGHLIGHTS, IN ₹

Year ended March 31st	2010	2011
Total Income	-	25,006,535.00
Profit (Loss) before Interest, Depreciation, and Tax	-	(22,713,421.00)
Less: Interest and Financial Cost	-	3,114,954.00
Profit (Loss) before Depreciation and Tax	-	(25,828,375.00)
Less: Depreciation	-	2,344,660.00
Less: Deferred Tax	-	(9,135,835.00)
Profit (Loss) after Tax	-	**(19,037,200.00)**

Source: Sundaram Edusys Pvt. Ltd., *Annual Report 2011*, accessed January 25, 2019, www.sundaramgroups.in/wp-content/uploads/2016/08/E-CLASS-ANNUAL-REPORT-2010-11.pdf.

EXHIBIT 10: E-CLASS, STATEMENT OF PROFIT AND LOSS (2013–2017), IN ₹ MILLIONS

Year ended March 31st	2013	2014	2015	2016	2017
INCOME					
Revenue from Operations	75.19	22.86	16.19	25.07	48.98
Other Income	0.00	0.00	0.10	0.98	0.26
Total Income (I)	**75.19**	**22.86**	**16.29**	**26.05**	**49.23**
EXPENSES					
Cost of Materials Consumed	22.50	5.09	5.27	6.48	6.66
Purchase of Stock in Trade	0.00	0.00	0.00	0.00	0.00
Changes in Inventories of Finished Goods and Work in Progress	0.00	0.00	0.00	0.00	0.00
Employee Benefits Expenses	16.40	12.37	6.88	5.81	6.61
Finance Costs	23.45	33.68	38.93	23.06	11.21
Depreciation and Amortization Expenses	20.17	20.74	19.84	7.11	8.47
Other Expenses	26.35	17.82	4.59	6.63	16.07
Total Expenses (II)	**108.88**	**89.70**	**75.51**	**49.10**	**49.04**
Profit (Loss) before Extraordinary Items and Tax: (I) − (II)	**(33.68)**	**(66.83)**	**(59.22)**	**(23.05)**	**0.20**
Other Income					
Exceptional Items	0.00	0.00	0.00	0.00	0.00
Profit before Tax	(33.68)	(66.83)	(59.22)	(23.05)	0.20
Tax Expenses and Benefits	0.00	0.00	0.00	0.00	0.00
(1) Current Tax	0.00	0.00	0.00	0.00	0.00
(2) Deferred Tax	1.09	(29.95)	0.00	0.00	15.56
(3) Short (Excess) Provision of Earlier Years	0.05	0.02	0.00	0.00	0.00
Total Tax Expenses	1.13	(29.93)	0.00	0.00	15.56
Profit for the Year	(34.82)	(36.90)	(59.22)	(23.05)	(15.36)

Source: E-Class, *Annual Report 2013*; E-Class, Annual Report 2014; E-Class, 6th Annual Report 2014–2015; E-Class, E-Class, 7th Annual Report 2015–2016; all accessed May 30, 2019, www.sundaramgroups.in/annual-report-of-subsidiary; and audited financial statements 2016/17, provided by the company.

EXHIBIT 11: E-CLASS, BALANCE SHEET (2013–2017), IN ₹ MILLIONS

Year ended March 31st	2013	2014	2015	2016	2017
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	150.00	150.00	150.00	250.00	387.00
Reserves and Surplus	(82.57)	(119.47)	(178.28)	(201.33)	(216.69)
Total Shareholders' Funds	67.43	30.53	(28.28)	48.67	170.31
Non-Current Liabilities					
Long-Term Borrowings	18.83	10.25	0.00	0.00	0.00
Deferred Tax Liabilities (Net)	0.00	0.00	0.00	0.00	0.00
Long-Term Provisions	0.00	0.00	0.00	0.00	0.00
Total Non-Current Liabilities	18.83	10.25	0.00	0.00	0.00
Current Liabilities					
Short-Term Borrowings	143.58	203.99	253.84	165.99	31.95
Trade Payables	5.93	5.95	2.94	1.59	2.55
Other Current Liabilities	17.02	20.86	11.28	8.97	11.56
Short-Term Provisions	0.00	0.00	0.00	0.00	0.00
Total Current Liabilities	166.53	230.80	268.05	176.54	46.07
Total Equity & Liabilities	252.79	271.58	239.78	225.21	216.37
ASSETS					
Non-Current Assets					
Fixed Assets					
Tangible Assets	9.42	8.52	5.41	4.97	4.00
Intangible Assets	77.80	61.11	46.66	42.04	39.81
Capital Work in Progress	0.00	0.00	0.00	0.61	0.00
	87.22	**69.62**	**52.07**	**47.61**	**43.82**
Non-Current Investments					
Deferred Tax Assets (Net)	22.00	51.96	51.96	51.96	36.40
Long-Term Loans and Advances	54.35	61.17	58.30	56.78	45.50
Other Non-Current Assets	0.00	0.00	0.00	0.00	0.00
	76.35	**113.13**	**110.25**	**108.73**	**81.89**
Total Non-Current Assets	**163.56**	**182.75**	**162.33**	**156.35**	**125.71**
Current Assets					
Inventories	35.19	34.42	32.08	29.07	28.96
Trade Receivables	40.96	40.99	34.31	33.05	53.56
Cash and Cash Equivalents	9.33	9.18	6.99	2.79	0.53
Short-Term Loans and Advances	3.75	4.25	4.06	3.96	7.62
Other Current Assets	0.00	0.00	0.00	0.00	0.00
Total Current Assets	**89.23**	**88.83**	**77.45**	**68.87**	**90.67**
Total Assets	**252.79**	**271.58**	**239.77**	**225.21**	**216.37**

Source: E-Class, *Annual Report 2013*; E-Class, Annual Report 2014; E-Class, 6th Annual Report 2014–2015; E-Class, E-Class, 7th Annual Report 2015–2016; all accessed May 30, 2019, www.sundaramgroups.in/annual-report-of-subsidiary; and audited financial statements 2016/17, provided by the company.

EXHIBIT 12: SUNDARAM, CONSOLIDATED STATEMENT OF PROFIT AND LOSS (2013–2017), IN ₹ MILLIONS

Year end March 31st	2013	2014	2015	2016	2017
INCOME					
Revenue from Operations	1,890.65	1,563.73	849.21	985.28	992.43
Other Income	10.12	6.42	2.05	3.95	9.26
Total Income (I)	**1,900.77**	**1,570.14**	**851.27**	**989.23**	**1,001.70**
EXPENSES	0.00	0.00	0.00	0.00	0.00
Cost of Materials Consumed	706.03	688.05	598.66	605.00	627.14
Purchase of Stock in Trade	664.36	555.75	208.64	19.15	30.93
Changes in Inventories of Finished Goods and Work in Progress	35.20	(74.86)	(113.90)	123.19	35.96
Employee Benefits Expenses	64.57	47.21	42.99	37.35	43.90
Finance Costs	144.23	171.02	160.58	122.31	111.59
Depreciation and Amortization Expenses	68.30	69.15	52.90	39.89	40.68
Other Expenses	177.02	173.91	101.47	75.20	81.41
Total Expenses (II)	**1,859.71**	**1,630.23**	**1,051.33**	**1,022.08**	**971.60**
Profit (Loss) before Extraordinary Items and Tax: (I) − (II)	**41.06**	**(60.09)**	**(200.07)**	**(32.84)**	**30.09**
Other Income	0.00	0.00	0.00	0.00	0.00
Exceptional Items	0.00	0.00	(34.03)	(68.87)	(94.93)
Profit before Tax	41.06	(60.09)	(234.10)	(101.71)	(64.84)
Tax Expenses and Benefits	0.00	0.00	0.00	0.00	0.00
(1) Current Tax	23.45	4.61	0.00	0.00	0.00
(2) Deferred Tax	6.77	(27.40)	0.00	(14.40)	(6.17)
(3) Short (Excess) Provision of Earlier Years	0.14	(1.42)	(7.42)	(0.14)	(0.24)
Total Tax Expenses	30.36	(24.21)	(7.42)	(14.54)	(6.42)
Profit for the Year	**10.70**	**(35.88)**	**(226.68)**	**(87.18)**	**(58.43)**

Source: Sundaram, 19th Annual Report 2012–12; Sundaram, 20th Annual Report 2013–14; Sundaram, 21st Annual Report 2014–15; Sundaram, 22nd Annual Report 2015–2016; Sundaram, 23rd Annual Report 2016–2017; all accessed May 30, 2019, www.sundaramgroups.in/investors/annual-report-of-sundaram.

EXHIBIT 13: SUNDARAM, CONSOLIDATED BALANCE SHEET (2013–2017), IN ₹ MILLIONS

Year ended March 31st	2013	2014	2015	2016	2017
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	215.61	215.61	215.61	215.61	245.61
Reserves and Surplus	841.05	1,246.40	734.56	600.89	635.47
Total Shareholders' Funds	**1,056.66**	**1,462.01**	**950.17**	**816.50**	**881.07**
Non-Current Liabilities					
Long-Term Borrowings	282.99	207.71	468.47	218.39	166.47
Deferred Tax Liabilities (Net)	11.58	36.13	36.13	21.73	0.00
Long-Term Provisions	2.69	2.69	3.39	1.19	1.42
Total Non-Current Liabilities	**297.26**	**246.53**	**508.00**	**241.31**	**167.89**
Current Liabilities					
Short-Term Borrowings	867.14	897.79	394.27	459.97	575.21
Trade Payables	318.31	146.44	97.31	96.61	142.87
Other Current Liabilities	172.83	166.50	233.52	287.55	90.24
Short-Term Provisions	29.30	2.52	4.00	1.57	1.20
Total Current Liabilities	**1,387.58**	**1,213.25**	**729.10**	**845.70**	**809.53**
Total Equity & Liabilities	**2,741.49**	**2,921.80**	**2,187.26**	**1,903.51**	**1,858.49**
ASSETS					
Non-Current Assets					
Fixed Assets					
Tangible Assets	841.04	1,293.62	947.83	867.23	843.63
Intangible Assets	109.89	85.17	66.72	52.07	39.81
Capital Work in Progress	29.61	0.00	0.00	0.61	0.00
	980.54	**1,378.80**	**1,014.55**	**919.90**	**883.44**
Non-Current Investments	0.05	0.05	0.05	0.00	0.00
Deferred Tax Assets (Net)	0.00	51.96	51.96	51.96	36.40
Long-Term Loans and Advances	104.17	74.76	62.41	58.05	49.71
Other Non-Current Assets	0.00	0.00	0.00	0.00	0.00
	104.22	**126.77**	**114.41**	**110.01**	**86.11**
Total Non-Current Assets	**1,084.76**	**1,505.56**	**1,128.96**	**1,029.91**	**969.55**
Current Assets					
Inventories	578.93	641.93	672.51	448.35	324.98
Trade Receivables	848.53	530.51	251.76	303.53	389.87
Cash and Cash Equivalents	24.16	15.29	13.05	15.49	2.37
Short-Term Loans and Advances	204.80	228.36	120.83	106.08	171.53
Other Current Assets	0.30	0.15	0.15	0.15	0.19
Total Current Assets	**1,656.72**	**1,416.23**	**1,058.31**	**873.60**	**888.94**
Total Assets	**2,741.49**	**2,921.80**	**2,187.26**	**1,903.51**	**1,858.49**

Source: Sundaram, *19th Annual Report 2012–13*; Sundaram, *20th Annual Report 2013–14*; Sundaram, *21st Annual Report 2014–15*; Sundaram, *22nd Annual Report 2015–2016*; Sundaram, *23rd Annual Report 2016–2017*; all accessed May 30, 2019, www.sundaramgroups.in/investors/annual-report-of-sundaram.

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[6] Approximately 28 square metres.
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