

**REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS OF HT MEDIA LIMITED (“COMPANY”) RECOMMENDING THE DRAFT COMPOSITE SCHEME OF AMALGAMATION OF DIGICONTENT LIMITED, NEXT MEDIAWORKS LIMITED AND HT MOBILE SOLUTIONS LIMITED (COLLECTIVELY REFERRED TO AS “TRANSFEROR COMPANIES”) WITH HT MEDIA LIMITED (“TRANSFeree COMPANY”) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**Members Present**

Mr. Ajay Relan	Independent Director and Chairman of the Committee
Mr. Vivek Mehra	Independent Director and Member of the Committee
Mr. Vikram Singh Mehta	Independent Director and Member of the Committee
Mrs. Rashmi Verma	Independent Director and Member of the Committee

**1. Background**

- 1.1. A meeting of the Committee of Independent Directors (“Committee”) of HT Media Limited was held on February 11, 2021 to consider and, if thought fit, recommend to the Board of Directors of the Company, the proposed Composite Scheme of Amalgamation (“Scheme”) of Digicontent Limited (“DCL”), Next Mediaworks Limited (“NMW”) and HT Mobile Solutions Limited (“HTMS”) with HT Media Limited (“HTML”) and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.
- 1.2. The Company is incorporated under the provisions of the Companies Act, 1956. The equity shares of the Company are listed on BSE and NSE.
- 1.3. The Scheme will be filed with the National Company Law Tribunal, New Delhi and Mumbai Bench (“NCLT”) under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules and regulations issued thereunder and in compliance with provisions of Section 2(1B) of the Income -tax Act, 1961.
- 1.4. The Scheme is subject to receipt of approvals of board of directors, shareholders and creditors of companies involved and approval of other regulatory authorities as may be required, including those of National Stock Exchange of India Limited, BSE Limited, Securities and Exchange Board of India and the NCLT.

1.5. This report of the Committee is made in order to comply with the requirements of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 including Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 issued by SEBI [as amended from time to time via Circular CFD/DIL3/CIR/2017/26 dated March 23, 2017, circular no CFD/DIL3/CIR/2017/105 dated Sep 21, 2017, circular no. CFD/DIL3/CIR/2018/2 dated January 3, 2018 and circular no. SEBI/ HO/CFD/DIL1/CIR/P/2020/215 dated November 3, 2020] and the Master Circular being Circular SEBI/HO/CFD/DIL1/CIR/P/2020/249 issued by SEBI on December 22, 2020; (“SEBI Circulars”) and after considering the following documents that were placed before the Committee:

- a. Draft Composite Scheme of Amalgamation;
- b. Draft Certificate from B S R and Associates, Statutory Auditor of the Company, confirming the accounting treatment mentioned in the Scheme is in compliance with the applicable Ind AS notified under the Companies Act 2013, and other generally accepted accounting principles;
- c. Joint Equity Share Exchange Ratio Report dated February 10, 2021 jointly issued by SSPA & Co (IBBI Registration No. IBBI/RV-E/06/2020/126) and Finvox Analytics (IBBI Registration No. IBBI/RV-E/06/2020/120), (“Registered Valuers”) inter-alia, recommending the fair equity share exchange ratios (**hereinafter referred to as “Valuation Report”**) on the Scheme;
- d. Fairness opinion dated February 10, 2021 issued by Sundae Capital Advisors Private Limited, SEBI Registered Category 1 Merchant Banker (SEBI Registration No. INM000012494) and Fairness Opinion dated February 10, 2021 issued by Inga Ventures Private Limited, a SEBI registered Category 1 Merchant Banker (SEBI Registration No. INM000012698) on the fair equity share exchange ratios recommended in the Valuation Report for the purpose of the Scheme;
- e. Certificate dated February 11, 2021, issued by MRKS And Associates, Chartered Accountants certifying the minimum price as prescribed under Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 for the purpose of the Scheme

## 2. Rationale of the Scheme:

The Committee noted the rationale and need for amalgamation of Transferor Companies with the Company, as provided in the draft Scheme as under:

*The Transferee Company is engaged in the business of printing and publication of newspapers along with operating radio broadcasting and digital business. The Transferor Companies and Transferee Company are desirous of consolidating their businesses under the Transferee Company. This would enable the business to scale up and pursue growth opportunities in a more focussed manner.*

*The Scheme will result in:*

- a) consolidation of businesses under the Transferee Company provides an increased capability to offer a wider portfolio of products and services to effectively address change in consumer preferences and market dynamics with a combined ability to integrate, innovate, customize and bundle the offerings and services of the Transferee and the Transferor Companies under a single platform and creation of a synergized go to market strategy which shall result in building a sustainable business;*
- b) consolidation of the Transferor Companies with the Transferee Company would also result in simplification of the holding structure;*
- c) reduction in management overlaps and elimination of legal and regulatory compliances & associated costs due to operation of multiple listed and unlisted entities;*
- d) optimisation of the allocated capital & availability of funds which can be deployed more efficiently to pursue the operational growth opportunities;*
- e) consolidation of businesses under the Transferee Company thereby resulting in synergies, pooling of financial, managerial, technical and human resources, thereby creating stronger base for future growth and value accretion for the stakeholders;*
- f) consolidation of businesses under the Transferee Company thereby resulting in savings of operational costs which has become critical for long term sustainability and will also lead to optimum utilisation of resources;*

g) *elimination of the need for inter-company transactions between the Transferor Companies and Transferee Company;*

h) *post scheme, the Transferee Company would be in a better position to support and finance organic and inorganic expansion of the businesses.*

i) *post scheme, the Transferee Company would be in a position to offer a bouquet of media platforms which result in value accretion for all the stakeholders.*

The Scheme shall not be in any manner prejudicial to the interest of the concerned members, creditors, employees or general public at large.

### **3. Salient features of the Scheme**

The Committee considered and observed that the draft Scheme provide for the following:

3.1.1. The draft Scheme provides for amalgamation of Digicontent Limited, Next Mediaworks Limited and HT Mobile Solutions Limited (collectively referred to as "Transferor Companies") with HT Media Limited ("Transferee Company") and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

3.1.2. The Appointed Date for the purpose of this Scheme means 1 April 2020.

3.1.3. In consideration of the proposed Scheme, the Company will issue and allot equity shares, to each shareholder of the Transferor Companies, whose names appear in the register of members of the respective Transferor Companies as on the Record date (*as defined in the Scheme*), in the following manner:

*"4 (Four) fully paid-up equity shares of face value of Rs. 2 (Rupees Two) each of the Transferee Company shall be issued and allotted as fully paid-up equity shares to the equity shareholders of Digicontent Limited, for every 13 (Thirteen) fully paid-up equity shares of face value of Rs.2 (Rupees Two) each held by them in Digicontent Limited"*

*"1(One) fully paid-up equity share of face value of Rs. 2 (Rupees Two) each of the Transferee Company shall be issued and allotted as fully paid-up equity shares to the equity shareholders of Next Mediaworks Limited, for every 14 (Fourteen) fully paid-up equity shares of face value of Rs.10 (Rupees Ten) each held by them in Next Mediaworks Limited"*

*“1 (One) fully paid-up equity share of face value of Rs. 2 (Rupees Two) each of the Transferee Company shall be issued and allotted as fully paid-up equity shares to the equity shareholders of HT Mobile Solutions Limited, for every 12 (Twelve) fully paid-up equity shares of face value of Rs.10 (Rupees Ten) each held by them in HT Mobile Solutions Limited”*

No shares shall be issued or allotted by HTML in respect of the shares held (including beneficial rights held in shares) by HTML itself in any of the Transferor Companies, and all such shares shall stand cancelled and extinguished without any further application act or deed.

In issuance of its shares, as per the above fair equity share exchange ratios, no fractional shares shall be issued by the Company. Fractional entitlements, if any, arising shall be rounded off to the nearest integer. A fraction of less than half shall be rounded down to the nearest lower integer and a fraction of half or more shall be rounded up to the nearest highest integer.

3.1.4. The equity shares proposed to be issued and allotted by the Company will be listed on BSE and NSE.

3.1.5. Pursuant to Clause 8.3 of the Scheme, it is clarified the effectiveness of amalgamation of HTMS with the Company as envisaged in Part of D of the Scheme is conditional upon the sanction/approval of the Ongoing HTMS Scheme (*as defined in the Scheme*) by Hon'ble NCLT, Division Bench, Delhi Bench III and hence, Part D of the Scheme will come into effect only after giving effect to the Ongoing HTMS Scheme.

3.1.6. The effectiveness of the Scheme is conditional upon fulfilment of the actions specified in the Scheme, which include:

- a. No-objection letter being received from the Stock Exchanges in relation to the Scheme in terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the SEBI Circulars;
- b. Approval of the requisite majorities of class of the shareholders and creditors of the Company and respective Transferor Companies in compliance with provisions of SEBI Circulars and requirements of the Companies Act, 2013;
- c. Sanction of the Scheme by the Hon'ble NCLT;



- d. Obtaining such other approvals and sanctions from any statutory authority or Appropriate Authority as may be required by applicable law or contract, in respect of any particular part of the Scheme; and
- e. Certified copies of the order of the Hon'ble NCLT sanctioning the Scheme being filed with the Registrar of Companies by the Company and each of the Transferor Companies.

#### **4. Valuation Methods evaluated for the Fair Equity Share Exchange Ratios**

The members of the Committee noted that SSPA & Co. ("SSPA") and Finvox Analytics ("Finvox"), have been appointed as the registered valuers to jointly recommend the fair equity share exchange ratios for the proposed Scheme.

The Committee noted that the Valuation Report issued jointly by SSPA and Finvox, inter-alia, recommended the fair equity share exchange ratios for the proposed Scheme.

The members of the Committee noted that SSPA and Finvox have independently applied approaches / methods, as considered appropriate while arriving at their respective assessment of the relative values per equity share of the companies.

While reviewing the approach adopted for HTML and HTMS, the Committee noted that since the business of both these companies are intended to be continued on a 'going concern basis' and there is no intention to dispose-off the assets, therefore SSPA has not adopted Asset approach for these companies. With respect to DCL and NMW, the Committee noted that since DCL has an insignificant business and NMW does not carry business operations on its own, therefore SSPA has not considered Income approach for these companies.

The Committee further noted that Finvox has used NAV method under the Asset approach to arrive at the relative fair value of equity shares of HTML, DCL and NMW. In case of HTML, as the market price is less than the Net Asset Value ("NAV"), therefore, Finvox has considered the asset approach to arrive at the relative fair value of the equity shares of HTML. In case of HTMS, as it operates a digital entertainment business, HTMS's true worth is not reflected by its net assets. Therefore, Finvox has not used the asset approach for valuation of HTMS.

Further the Committee noted that, given the nature of business of HTML and HTMS and the fact that the Registered Valuers have been provided with the projected financials of these companies,

both SSPA and Finvox have also considered it appropriate to also apply the Discounted Cash Flow Method (“DCF”) under the Income approach to arrive at the relative fair value of the shares of these companies.

With respect to DCL and NMW, the Committee noted that in the joint valuation report, both SSPA and Finvox have considered the NAV method under the Asset approach for DCL and NMW’s valuation, since both these companies derive majority of their value from their underlying investments in subsidiary companies. Further while applying NAV method, the fair values of the underlying investments held by DCL and NMW have been considered by applying DCF method.

The Committee noted that both the registered valuers have considered that the equity shares of HTML, DCL and NMW are listed on BSE and NSE and as per the relevant SEBI regulations, the equity shares of HTML and DCL are frequently traded, whereas, the equity shares of NMW are not frequently traded. Accordingly, to calculate the relative equity value, both SSPA and Finvox have also considered the market prices for HTML, DCL & NMW.

The Committee further noted that SSPA has assigned following weights to different valuation approaches as discussed above to arrive at the fair equity share exchange ratios for the Scheme:

Method of Valuation	HTML		DCL		NMW		HTMS	
	Value per share (INR)	Weights	Value per share (INR)	Weights	Value per share (INR)	Weights	Value per share (INR)	Weights
Asset Approach-NAV method	NA	NA	34.18	50%	5.36	50%	NA	NA
Income Approach-DCF method	137.29	50%	NA	NA	NA	NA	6.41	100%
Market Approach-Market Price Method	15.93	50%	13.13	50%	5.57	50%	NA	NA
Relative value per share equity (INR)	76.61		23.65		5.46		6.41	
<b>Exchange Ratio (rounded off)</b>			3.25		14.00		12.00	

The Committee further noted that Finvox has assigned following weights to different valuation approaches as discussed above to arrive at the fair equity share exchange ratios for the Scheme:

Method of Valuation	HTML		DCL		NMW		HTMS	
	Value per share (INR)	Weights	Value per share (INR)	Weights	Value per share (INR)	Weights	Value per share (INR)	Weights
Asset Approach-NAV method	84.53	33.33%	32.56	50.00%	5.44	50.00%	NA	NA
Income Approach-DCF method	127.69	33.33%	NA	NA	NA	NA	6.44	100.00%
Market Approach-Market Price Method	17.30	33.33%	14.64	50.00%	5.31	50.00%	NA	NA
Relative value per share equity (INR)	76.51		23.60		5.38		6.44	
<b>Exchange Ratio (rounded off)</b>			3.25		14.00		12.00	

To arrive at the consensus on the fair equity share exchange ratios for the proposed Scheme, the Registered Valuers have made suitable minor adjustments / rounding off in the respective relative values arrived by them.

The Committee noted the above valuation methodologies to determine the value of shares of the Transferor Companies and the Transferee Company and agreed with the jointly recommended fair equity share exchange ratios for the proposed Scheme.

The Committee noted the following fair equity share exchange ratios for the allotment of the equity shares of the Company to the equity shareholders of the Transferor Companies, whose names appear in their respective Register of Members as on the Record date (*as defined in the Scheme*) in consideration for the amalgamation of the respective Transferor Companies with the Company:

The fair equity share exchange ratio for the proposed amalgamation of DCL with HTML

*4 (Four) equity shares of HTML of INR 2 each fully paid up for every 13 (Thirteen) equity shares of DCL of INR 2 each fully paid up*

The fair equity share exchange ratio for the proposed amalgamation of NMW with HTML:





*1 (One) equity share of HTML of INR 2 each fully paid up for every 14 (Fourteen) equity shares of NMW of INR 10 each fully paid up*

The fair equity share exchange ratio for the proposed amalgamation of HTMS with HTML:

*1 (One) equity shares of HTML of INR 2 each fully paid up for every 12 (Twelve) equity shares of HTMS of INR 10 each fully paid up”*

The Committee further noted that no shares shall be issued or allotted by HTML in respect of the shares held (including beneficial rights held in shares) by HTML itself in any of the Transferor Companies, and all such shares shall stand cancelled and extinguished without any further application act or deed.

The Committee further considered the fairness opinions provided by Sundae Capital Advisors Private Limited and Inga Ventures Private Limited, SEBI registered Category-1 Merchant Bankers on the abovementioned fair equity share exchange ratios confirming that the fair equity share exchange ratio as recommended by the Registered Valuers in relation to the proposed Scheme is fair and reasonable, and not prejudicial to the interests of the minority shareholders.

#### **5. Scheme not detrimental to the shareholders of the Company**

This Scheme will result in consolidation of businesses of the Transferor Companies and get housed in the Transferee Company. The consolidated entity will have an increased capability for running these businesses and pursue growth opportunities.

The Scheme will result in consolidation of financial resources and optimisation of working capital utilisation thereby resulting in stronger financial leverage required not only to sustain such businesses in the long run but also to facilitate their organic and inorganic expansion.

The Scheme would also result in simplified group structure by amalgamation of multiple entities. This in turn is expected to result in achieving synergies benefits under a single flagship listed entity in the following manner:

- pooling of resources in terms of manpower, administration, and other common resources, thereby resulting in savings in operational & administrative costs
- achievement of operational synergies due to consolidation of complementary resources and strengths
- an optimum & efficient utilisation of available capital and other resources



The Committee members discussed and deliberated upon the rationale and salient features of the Scheme. In light of the above discussions, valuation report, fairness opinion and other documents presented before the Committee

, the Committee is of the informed opinion that the proposed Scheme is not detrimental to the interests of all the shareholders of the Company including minority shareholders.

**6. Recommendation of the Committee**

In view of the above, the Committee recommends the draft Scheme to the Board of Directors of the Company for their approval.

By Order of the Committee of Independent Directors

For **HT MEDIA LIMITED**

**Ajay Relan**  
(DIN 00002632)

**Chairman of the Committee of Independent Directors**

**Date:** February 11, 2021

**Place:** New Delhi

