

August 25, 2017

To,  
The Board of Directors  
HT Media Limited  
Hindustan Times House, Second Floor,  
18-20 Kasturba Gandhi Marg, New Delhi 110001

To,  
The Board of Directors  
HT Digital Ventures Limited  
Hindustan Times House, Second Floor,  
18-20 Kasturba Gandhi Marg, New Delhi 110001

**Sub: Share entitlement ratio report**

**1. Context and purpose**

We refer to our engagement letter dated July 28, 2017 and subsequent discussions with the management of the companies for ratio of allotment of equity shares of the HT Digital Ventures Limited ('Resulting Company') to be issued to the shareholders of HT Media Limited in connection with proposed demerger of Entertainment & Digital Innovation Business ('Business') of HT Media Limited into Resulting Company, with March 31, 2018 as the appointed date (Appointed Date).

**2. Background**

- 2.1 HT Media Limited ("HTML") is a public limited company incorporated under the provisions of Companies Act, 1956 on December 03, 2002 bearing Corporate Identification Number L22121DL2002PLC117874. The equity shares of HTML are listed on BSE Limited ("BSE") & National Stock Exchange of India Limited ("NSE").

HTML is primary engaged in the following key businesses:

- a) Printing and publication of newspapers
- b) FM Radio Broadcasting
- c) Entertainment & Digital Innovation Business
- d) Online job portal "shine.com"

We understand that the management of HTML is contemplating scheme of arrangement whereby it is proposed that Entertainment & Digital Innovation Business ("Business Undertaking" be demerged from HTML to HT Digital Ventures Limited ("HTDVL or Resulting Company") and HT Digital Ventures Limited such issue, in consideration of the demerger, its shares to the shareholders of HT Media. HTDVL is a newly incorporated wholly owned subsidiary of HTML ("Demerged Company").

- 2.2 The demerger is proposed to be effected through scheme of arrangement under sections 230 to 232 of the Companies Act, 2013 read with Section 66 of the Companies Act, 2013.



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2.3 In connection with Demerger, the Management of HT Media Limited has requested Jain Jindal & Co. ('JJC' / 'we' / 'us') to provide report on the ratio of allotment of equity shares of the Resulting Company to the shareholders of HT Media Limited based on information to be made available by the management.

2.4 We understand that consequent to Demerger there will be no impact on the economic beneficial interest of the shareholders of the HT Media Limited.

### 3. Procedures

The procedures used in our analysis including substantive procedures as we considered necessary under the circumstances:

- Considered the audited financial statement of the HT Media for year ended March 31, 2017 and extracts of provisions financial statements as at June 30, 2017
- Considered the number of equity shares of HTDVL / Resulting Company proposed to be issued to the shareholders of HT Media Limited on the demerger of Business Undertaking into Resulting Company
- Considered Draft Scheme of Arrangement for the demerger dated August 24, 2017.
- Consider the existing shareholding pattern of HT Media and the envisaged shareholding pattern of Resulting Company
- Such other analysis, reviews and inquires with the management as we consider necessary and on which we have relied.

### 4. Share entitlement ratio

Management has informed us that the HTDVL has been incorporated with shares having face value of Rs 10 per share. Management has confirmed that the face value of shares of HTDVL shall be changed to Rs 2 per share before the record date of the Scheme.

Based on the above, management has proposed the following Share Entitlement Ratio:

"for every 4 (four) equity share of face value of Rs. 2/- (Rupees two only) each held in HT Media Limited as on the record date, the equity shareholders of HT Media Limited shall be issued 1 (one) equity share of face value Rs. 2/- (Rupees two only) each credited as fully paid-up in HT Digital Ventures Limited"

We have considered the outstanding number of equity shares of HT Media and envisaged number of equity shares of the Resulting Company as follows:

- As of report date the issued, subscribed and paid up capital of HT Media Limited consists of 232,748,314 equity shares of Rs. 2 each.
- As of report date, the initial issued, subscribed and paid up capital of HTDVL is envisaged to consist of 10,000 equity shares of Rs. 10/- each. The entire paid up capital of HTDVL is held by HTML. The shares held by HTML in HTDVL shall be cancelled as in integral part of the scheme.





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The draft scheme provides that in case of Fractional entitlements in issue and allotment of such shares as aforesaid, the fractional entitlements of shares of any shareholders of HTML shall not be taken into account, but such shares representing fractional entitlements shall be consolidated and thereupon HTDVL will issue and allot shares in lieu thereof to a Director or Company Secretary or Key Managerial Personnel of HTDVL or such other person as the Board of Directors of HTDVL shall appoint in this behalf upon trust, who will sell them on the date of listing of HTDVL or within such period of listing of HTDVL as may be decided by the Board of Directors of HTDVL, and distribute their sale proceeds (less expenses, if any) to the shareholders of HTML, who are entitled to such fractional shares.

Pursuant to scheme, the Resulting Company, in order to comply with the intent of maintaining the economic interest of shareholders of HT Media Limited shall issue 58,187,078 equity shares of Rs. 2/- each to all the shareholders of HT Media Limited.

## 5. Basis for determination of share entitlement ratio

Consequent to this demerger the economic beneficial interest of the shareholders of HTML shall remain the same.

In light of the above a fair valuation of equity shares of HTML or HTDVL has not been carried out.

Valuation Approach	HTML		HTDVL	
	Value per Share	Weight	Value per Share	Weight
Asset Approach	NA	NA	NA	NA
Income Approach	NA	NA	NA	NA
Market Approach	NA	NA	NA	NA
<b>Relative Value Per Share</b>	NA		NA	
<b>Entitlement Ratio</b>			NA	

Based on the aforementioned scheme, analysis above and caveats below, and considering that all the current shareholders of the HT Media are and will, upon demerger, be ultimate beneficial economic owners of the Resulting Company and that upon allotment of equity shares by the Resulting Company in the proposed Share Entitlement Ratio, the beneficial economic interest of the shareholders in the equity of Resulting Company will be same as it is in equity of HT Media Limited.

Thus, the share entitlement ratio proposed by the management is para 4 above is fair in relation to demerger.

## 6. Caveats

- 6.1 We have relied upon the information, data and explanations in paragraphs 2 and 3 above for the purpose of reporting on the ratio of allotment of the equity shares of the Resulting Company to the shareholders of HT Media Limited in connection with the proposed Demerger.





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- 6.2 For the purpose of opining on the Share Entitlement Ratio we have used financial and other information provided by the Management, which we believe to be reliable and are conclusions are dependent on such information being complete and accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of financial and other information provided to us by the Management. We have, therefore, not carried out any due diligence review, independent audit or other test or validation of such financial and other information to establish the accuracy or sufficiency of the financial statements referred to above or of the information, explanations and representations provided to us. We have thus relied upon the audits carried out by SR Batliboi & Co. LLP of the financials of HT Media Limited provided to us. Accordingly, we do not express any opinion or any other form of assurance thereon and accept no responsibility for the same.
- 6.3 We have made no investigation of, and assume no responsibility for the title to, or liabilities against, the equity of HT Media Limited.
- 6.4 The business of HT Media Limited is proposed to be demerged into the Resulting Company with effect from the Appointed Date and we have considered the financial statements of HT Media Limited as at March 31, 2017. The Management has explained that the Business would be carried on in due course of business till the Appointed Date and subsequently, till the Scheme is approved. The Management has represented that financial statements of HT Media Limited as at 31 March 2017, provided to us, include all disclosures necessary for a fair presentation of its financial position and results of operations in accordance with generally accepted accounting principles of India consistently applied, and disclosures otherwise required by the laws and regulations to which they are subject. The Management has further represented that the Management does not anticipate any changes in the financial position of the Business, other than that in ordinary course of business till the Appointed Date.
- 6.5 Our scope of work is limited to expression of our view on the proposed Share Entitlement Ratio and its impact on the economic interest of the shareholders of the Specified Companies. Our report is not, nor should it be construed as, our opining or certifying the compliance of the proposed demerger of the Demerged Undertaking with the provisions of any law including companies, FEMA and Taxation related laws or as regards any legal implications or issues arising from such proposed demerger.
- 6.6 While we have provided our view on the Share Entitlement Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion. You acknowledge and agree that you have the final responsibility for determination of the Share Entitlement Ratio for the proposed Demerger and factors other than our report will need to be taken into account in determining such ratios; these will include your own assessment of the proposed Demerger and may include the input of other professional advisors.





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## 7. Distribution of report

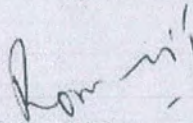
- 7.1 This letter report is prepared for the Board of Directors of HT Media Limited and the Resulting Company and to the extent mandatorily required under applicable laws of India, may be produced before judicial, regulatory or government authorities, in connection with the transaction.
- 7.2 In no event shall we liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the specified companies, their directors, employees or agents. In no circumstances shall liability of Jain Jindal & Co. its partners, directors, employees relating to the services provided in connection with the engagement set out in this report exceed the amount paid to us in respect of the fees charged for these services.

Yours faithfully,

**For Jain Jindal & Co.**

Chartered Accountants

Firm Registration No: 025810



**Romesh Vijay**

Membership no. 411274

Partner

Place: Gurgaon

Date: August 25, 2017

