

SSPA & CO.

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July 18, 2018

The Board of Directors,
HT Media Limited
Hindustan Times House,
18-20, 2nd Floor,
Kasturba Gandhi Marg,
New Delhi – 110 001.

The Board of Directors,
Next Mediaworks Limited
Unit Nos. I-17, I-18 and I-19,
The Tardeo Everest Premises Co-op. Soc. Ltd.,
10th Floor, 156, DJ Dadajee Road,
Tardeo, Mumbai – 400034.

The Board of Directors,
HT Music & Entertainment Limited
Hindustan Times House,
18-20, 2nd Floor,
Kasturba Gandhi Marg,
New Delhi – 110 001.

The Board of Directors,
Next Radio Limited
Unit Nos. I-17, I-18 and I-19,
The Tardeo Everest Premises Co-op. Soc. Ltd.,
10th Floor, 156, DJ Dadajee Road,
Tardeo, Mumbai – 400034.

Sub: Recommendation of:

- (a) Fair equity share exchange ratio for proposed amalgamation of HT Music & Entertainment Limited into Next Mediaworks Limited;
- (b) Fair equity share entitlement ratio for proposed demerger of 'Radio Business' Division of HT Media Limited & 'Radio Business' Division of Next Radio Limited into Next Mediaworks Limited; and
- (c) Fair value of equity shares of Next Radio Limited for the purpose of Capital Reduction of equity shares of Next Radio Limited held by Next Mediaworks Limited, post the proposed demerger of 'Radio Business' Division of Next Radio Limited into Next Mediaworks Limited.

Dear Sirs,

We refer to our engagement letter dated June 11, 2018 whereby SSPA & Co., Chartered Accountants (hereinafter referred to as 'SSPA' or 'Valuer' or 'We') have been requested by the management of HT Media Limited and Next Mediaworks Limited, (collectively referred to as "Clients") to issue a report containing recommendation of fair equity share exchange ratio for the proposed amalgamation of HT Music & Entertainment Limited (hereinafter referred to as 'HTMEL') with Next Mediaworks Limited (hereinafter referred to as 'NML'); recommendation



of fair equity share entitlement ratios for the proposed demerger of 'Radio Business' Division of HT Media Limited (hereinafter referred to as 'HTML') ('Radio Business of HTML') and 'Radio Business' Division of Next Radio Limited (hereinafter referred to as 'NRL') excluding Ahmedabad broadcasting business ('Radio Business of NRL') into NML and recommendation of fair value of equity shares of NRL for the purpose of Capital Reduction of equity shares of NRL held by NML, post the proposed demerger of Radio Business of NRL into NML ('Residual NRL').

HTML, HTMEL, NML and NRL are hereinafter collectively referred to as the 'Companies'.

1. SCOPE AND PURPOSE OF THIS REPORT

- 1.1 We have been informed that the Management of the Companies are considering a proposal for amalgamation of HTMEL with NML and demerger of Radio Business of HTML and Radio Business of NRL into NML. Further, the Management of NRL is proposing to carry out capital reduction of equity shares of Residual NRL held by NML. The aforesaid arrangement is proposed to be carried out pursuant to the Composite Scheme of Amalgamation and Arrangement between the Companies and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the 'Scheme').
- 1.2 We have been informed by the Management of the Companies that the Proposed Appointed Date for the Scheme is the Effective Date of the Scheme.
- 1.3 In this regards, SSPA have been appointed to carry out the relative valuation of equity shares of HTMEL and NML to recommend the fair equity share exchange ratio; to carry out a relative valuation of Radio Business of HTML, Radio Business of NRL and NML to recommend fair equity share entitlement ratios and to carry out fair valuation of Residual NRL to recommend the fair value of equity shares for the proposed capital reduction.
- 1.4 The valuations to arrive at the fair equity share exchange ratio, fair equity share entitlement ratios and fair value of equity shares for capital reduction have been carried out as on July 17, 2018 ('Valuation Date').
- 1.5 This report sets out our recommendation of the equity share exchange ratio; equity share entitlement ratios and fair value of equity shares for capital reduction and discusses the approaches considered in the computation thereof.



2. BRIEF BACKGROUND

2.1. HT MEDIA LIMITED

HTML, a public listed company having its registered office at Hindustan Times House 18-20, Kasturba Gandhi Marg, New Delhi, is a diversified conglomerate, inter alia, engaged in the FM radio business, print media and digital media businesses. The FM Radio Business except for radio stations operated by HTML in Hyderabad and in the state of Uttar Pradesh is referred to as 'Radio Business of HTML' in this Report.

The equity shares of HTML are listed on the National Stock Exchange of India Limited and BSE Limited.

2.2. HT MUSIC & ENTERTAINMENT LIMITED

HTMEL, a public limited company having its registered office at Hindustan Times House 18-20, Kasturba Gandhi Marg, New Delhi is in the business, inter alia, of operating FM radio channels in Chennai.

2.3. NEXT MEDIAWORKS LIMITED

NML, a public listed company having its registered office at Offices No. I-17, I-18 & I-19, 10th Floor, Tardeo Everest Premises Co-operative Society Limited, 156, D J Dadajee Road, Tardeo, Mumbai is engaged in FM radio broadcasting business through its subsidiary viz. NRL which operates as FM radio broadcaster under the brand "Radio One".

The equity shares of NML are listed on the National Stock Exchange of India Limited and BSE Limited.

2.4. NEXT RADIO LIMITED

NRL, an unlisted public company having its registered office at Office Nos. I-17, I-18 and I-19, 10th Floor, The Everest Building, 156, D J Dadajee Road, Tardeo Mumbai is a subsidiary of NML and operates as FM radio broadcaster. The FM Radio Business consists of radio stations operated in Noida (Delhi), Mumbai, Chennai, Kolkata, Bengaluru, Pune and Ahmedabad. The Ahmedabad broadcasting business, pending approval of Ministry of Information and Broadcasting (MIB), will be transferred to the wholly owned subsidiary of NRL.

3. SSPA & CO., CHARTERED ACCOUNTANTS

SSPA is a partnership firm, located at 1st Floor, Arjun Building, Plot No. 6A, V. P. Road, Andheri (W), Mumbai – 400 058, India. SSPA is engaged in providing various corporate



consultancy services.

4. SOURCES OF INFORMATION

For the purpose of the valuation exercise, we have relied upon the following sources of information, provided by the Management of the Companies and available in Public Domain:

- (a) Audited financial statements of the NML and HTMEL for FY 2017-18.
- (b) Management certified statements of assets & liabilities and statement of profitability for Radio Business of HTML, Radio Business of NRL and Residual NRL for FY 2017-18.
- (c) Financial Projections of HTMEL, Radio Business of HTML, Radio Business of NRL and Residual NRL for FY 2018-19 to FY 2022-23.
- (d) Other relevant details regarding the Companies such as their history, past and present activities and other relevant information and data, including information in the public domain.
- (e) Such other information and explanations as we required and which have been provided by the Management of the Companies including Management Representations.

5. SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

- 5.1. Our report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.
- 5.2. This report has been prepared for the Board of Directors of the Companies solely for the purpose of recommending a fair equity share exchange ratio for the proposed amalgamation of HTMEL with NML, fair equity share entitlement ratios for the proposed demerger of Radio Business of HTML and Radio Business of NRL into NML and fair value of equity shares of Residual NRL for the purpose of capital reduction of equity shares of Residual NRL held by NML.
- 5.3. Valuation is not a precise science and the conclusions arrived at will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While we have provided an assessment of value by applying certain



formulae which are based on the information available, others may place a different value.

- 5.4. We have been represented by the Management of the Companies that the Companies have clear and valid title of assets. No investigation on the Companies' claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid.
- 5.5. For the purpose of this exercise, we were provided with both written and verbal information including information detailed hereinabove in para 'Sources of Information'. Further, the responsibility for the accuracy and completeness of the information provided to us by the Companies / auditors / consultants is that of the Companies. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Management of the Companies that they have not omitted any relevant and material factors about the Companies. The Management of the Companies have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis / conclusions. Our work does not constitute an audit, due diligence or certification of these information referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report and consequential impact on the present exercise.
- 5.6. Valuation analysis and results are specific to the purpose of valuation and the valuation date mentioned in the report and is as per agreed terms of our engagement.
- 5.7. Our recommendation is based on the estimates of future financial performance as projected by the Management of the Companies, which represents their view of reasonable expectation at the point of time when they were prepared, after giving due considerations to commercial and financial aspects of the Companies and the industry in which the Companies operate. But such information and estimates are not offered as assurances that the particular level of income or profit will be achieved or events will occur as predicted. Actual results achieved during the period covered by the prospective financial statements may vary from those contained in the statement and the variation may be material. The fact that we have considered the projections in this exercise of valuation should not be construed or taken as our being associated with or a party to such projections.



- 5.8. A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular. This report is issued on the understanding that the respective management of the Companies has drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our opinion, on the fair value of the shares of the Companies including any significant changes that have taken place or are likely to take place in the financial position of the Companies. Events and transactions occurring after the date of this report may affect the report and assumptions used in preparing it and we do not assume any obligation to update, revise or reaffirm this report.
- 5.9. The fee for the engagement and this report is not contingent upon the results reported. The Valuer does not have any material interest or conflict of interest with respect to the Companies.
- 5.10. This report is prepared only in connection with the proposed transaction as explained in Para 1. It is exclusively for the use of the Companies and for submission to any regulatory/statutory authority as may be required under any law.
- 5.11. Our report is not, nor should it be construed as our opining or certifying the compliance of the proposed transaction with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed amalgamation, demergers and capital reduction.
- 5.12. Any person/party intending to provide finance/invest in the shares/convertible instruments/ business of the Companies shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.
- 5.13. The decision to carry out the transaction (including consideration thereof) lies entirely with the Management / the Board of Directors of the Companies and our work and our finding shall not constitute a recommendation as to whether or not the Management / the Board of Directors of the Companies should carry out the transaction.
- 5.14. Our Report is meant for the purpose mentioned in Para 1 only and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared. In no event, regardless of whether consent has been provided, shall SSPA assume any responsibility to any third party to



whom the report is disclosed or otherwise made available.

- 5.15. SSPA nor its partners, managers, employees make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.

6. VALUATION APPROACH

- 6.1. For the purpose of valuation, generally following approaches can be considered, viz,

- (a) the 'Underlying Asset' approach;
- (b) the 'Income' approach and
- (c) the 'Market' approach

- 6.2. Since the 'underlying asset' approach does not reflect the intrinsic value of the operating business, the same has not been adopted for the present valuation exercise.

- 6.3. Given the nature of the business in which HTMEL, Radio Business of HTML, Radio Business of NRL and Residual NRL is engaged, we have thought fit to consider 'Income' approach and 'Market' approach for valuation of equity shares of HTMEL, Radio Business of HTML, Radio Business of NRL and equity shares of Residual NRL.

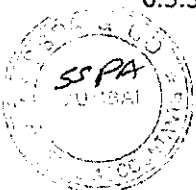
- 6.4. Further, since NML runs its operations through its subsidiary, NRL, and it does not have any other business operations, we have thought fit to consider 'Income' approach and 'Market' approach for valuation of equity shares of NML too wherein the values arrived for NRL under the 'Income' approach and 'Market' approach are proportionately considered to arrive at values under the said approaches for NML.

6.5. INCOME APPROACH

- 6.5.1. Under the 'Income' approach, equity shares of HTMEL, Radio Business of HTML, Radio Business of NRL, equity shares of Residual NRL and NML have been valued using "Discounted Cash Flow" (DCF) method.

- 6.5.2. Under the DCF method the projected free cash flows from business operations after considering fund requirements for projected capital expenditure and incremental working capital are discounted at the Weighted Average Cost of Capital (WACC). The sum of the discounted value of such free cash flows and discounted value of perpetuity is the value of the business.

- 6.5.3. WACC is considered as the most appropriate discount rate in the DCF Method, since it



reflects both the business and the financial risk. In other words, WACC is the weighted average of the company's cost of equity and debt. Considering an appropriate mix between debt and equity for HTMEL, Radio Business of HTML, Radio Business of NRL and Residual NRL we have arrived at the WACC to be used for discounting the Free Cash Flows of HTMEL, Radio Business of HTML, Radio Business of NRL and Residual NRL.

6.5.4. To the value so arrived, appropriate adjustments have been made for loan funds, cash and cash equivalents, value of investments, equity infusion post March 31, 2018, surplus assets and contingent liabilities, after considering the tax impact wherever applicable, to arrive at the equity value.

6.5.5. The value as arrived above is divided by the outstanding / diluted number of equity shares to arrive at the value per share.

6.6. MARKET APPROACH

6.6.1. Under the 'Market' approach, equity shares of HTMEL, Radio Business of HTML, Radio Business of NRL, equity shares of Residual NRL and NML have been valued using "Comparable Companies Multiple" (CCM) method.

6.6.2. Under CCM Method, the value of equity shares of HTMEL, Radio Business of HTML, Radio Business of NRL and equity shares of Residual NRL is determined by using multiples derived from valuations of comparable companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully. In the present case, Enterprise Value (EV) to Earnings before Interest Tax Depreciation and Amortization (EBITDA) multiples of comparable listed companies are used to arrive at Enterprise Value of HTMEL, Radio Business of HTML, Radio Business of NRL and Residual NRL.

6.6.3. To the value so arrived, appropriate adjustments have been made for loan funds, cash and cash equivalents, value of investments, equity infusion post March 31, 2018, surplus assets and contingent liabilities, after considering the tax impact wherever applicable, to arrive at the equity value.

6.6.4. The equity value so arrived at is divided by the outstanding / diluted number of equity shares to arrive at the value per share.



7. RECOMMENDATION OF FAIR EQUITY SHARE EXCHANGE RATIO, FAIR EQUITY SHARE ENTITLEMENT RATIOS AND FAIR VALUE FOR CAPITAL REDUCTION

7.1. FAIR EQUITY SHARE EXCHANGE RATIO

7.1.1. The fair basis of amalgamation of HTMEL with NML would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above approaches, for the purposes of recommending a ratio of exchange it is necessary to arrive at a single value for the shares of the Companies. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of each company. Our exercise is to work out relative value of shares of the Companies to facilitate the determination of a ratio of exchange. For this purpose, it is necessary to give appropriate weightage to the values arrived at under each approach.

7.1.2. As mentioned above, we have considered an average of values as per 'Income' Approach and 'Market' Approach for arriving at the value per share of NML and HTMEL.

Method of Valuation	NML		HTMEL	
	Value per Share (INR)	Weights	Value per Share (INR)	Weights
Asset Approach	NA*	0	NA*	0
Income Approach	17.31	1	0.94	1
Market Approach	16.10	1	0.93	1
Relative Value Per Share	16.71		0.94	
Exchange Ratio (rounded off)	17.824			

*NA = Not Applied / Applicable

The Asset Approach is not considered since it does not reflect the intrinsic value of the business of NML and HTMEL

7.1.3. The fair equity share exchange ratio has been arrived on the basis of a relative valuation of equity shares of HTMEL and NML based on the approaches explained herein earlier and various qualitative factors relevant to the companies and the business dynamics and growth potential of the businesses, having regard to information base, management representations and perceptions, key underlying assumptions and limitations.

7.2. FAIR EQUITY SHARE ENTITLEMENT RATIOS

7.2.1. The fair basis of demerger of Radio Business of HTML and Radio Business of NRL into NML would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at



under each of the above approaches, for the purposes of recommending a ratio of entitlement it is necessary to arrive at a single value. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of each company/division. Our exercise is to work out relative value of shares of the company/division to facilitate the determination of entitlement ratios. For this purpose, it is necessary to give appropriate weightage to the values arrived at under each approach.

- 7.2.2. As mentioned above, we have considered an average of 'Income' Approach and 'Market' Approach for arriving at the value per share of NML, value per share of Radio Business of HTML and Radio Business of NRL.

Method of Valuation	NML		Radio Business of HTML		Radio Business of NRL	
	Value per Share (INR)	Weights	Value per Share (INR)	Weights	Value per Share (INR)	Weights
Asset Approach	NA*	0	NA*	0	NA*	0
Income Approach	17.31	1	12.39	1	29.66	1
Market Approach	16.10	1	13.81	1	27.58	1
Relative Value Per Share	16.71		13.10		28.62	
Entitlement Ratio (rounded off)			0.784		1.713	

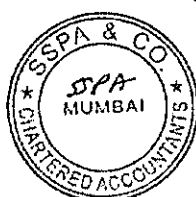
*NA = Not Applied / Applicable

The Asset Approach is not considered for NML, Radio Business of HTML and Radio Business of NRL since it does not reflect the intrinsic value of the businesses.

- 7.2.3. The fair equity share entitlement ratios have been arrived on the basis of a relative valuation of the equity shares of NML and Radio Business of HTML and Radio Business of NRL based on the approaches explained herein earlier and various qualitative factors relevant to NML, Radio Business of HTML and Radio Business of NRL and the business dynamics and growth potential of the businesses, having regard to information base, management representations and perceptions, key underlying assumptions and limitations.

7.3. RECOMMENDATION OF FAIR VALUE

- 7.3.1. Though different values have been arrived at under each of the above methods, for the purposes of recommending a fair value of equity shares of Residual NRL, it is necessary to arrive at a single value.
- 7.3.2. As mentioned above, we have considered an average of 'Income' Approach and 'Market' Approach for arriving at the value per share of Residual NRL for the purpose of Capital Reduction.



Method of Valuation	Residual NRL	
	Value per Share (INR)	Weights
Asset Approach	NA*	0
Income Approach	0.33	1
Market Approach	0.31	1
Fair Value Per Share	0.32	

*NA = Not Applied / Applicable

The Asset Approach is not considered since it does not reflect the intrinsic value of the Residual NRL.

- 7.4. Our report on recommendation of fair equity share exchange ratio, fair equity share entitlement ratios and fair value of equity shares is in accordance with Indian Valuation Standards 2018 issued by The Institute of Chartered Accountants of India.
- 7.5. In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgement taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Supreme Court of India in the case reported in 176 ITR 417 as under:

'If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible.'

- 7.5.1. In light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove earlier in this report, in our opinion:
- The fair equity share exchange ratio for the proposed amalgamation of HTMEL with NML is as under:
125 (One Hundred and Twenty Five) equity shares of NML of INR 10 each fully



paid up for every 2,228 (Two Thousand Two Hundred and Twenty Eight) equity shares of HTML of INR 1 each fully paid up

- The fair equity share entitlement ratio for the proposed demerger of Radio Business of HTML and Radio Business of NRL into NML is as under:

784 (Seven Hundred and Eighty Four) equity shares of NML of INR 10 each fully paid up for every 1,000 (One Thousand) equity shares of HTML of INR 2 each fully paid up

1,713 (One Thousand Seven Hundred and Thirteen) equity shares of NML of INR 10 each fully paid up for every 1,000 (One Thousand) equity shares of NRL of INR 10 each fully paid up

- The fair value per equity share of Residual NRL for the purpose of Capital Reduction of equity shares of NRL held by NML is INR 0.32 per share.

Thanking you,
Yours faithfully,

SSPA &



SSPA & CO.
Chartered Accountants
Firm registration number: 128851W

Signed by Parag Ved, Partner
Membership No. 102432

Place: Mumbai