HT MEDIA LIMITED
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REPORT OF THE AUDIT COMMITTEE OF HT MEDIA LIMITED 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" OR THE "COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

Members Present:	
Mr. Vivek Mehra	Chairman of the Audit Committee
Mr. Ajay Relan	Member of the Audit Committee
Mr. Vikram Singh Mehta	Member of the Audit Committee
Mr. Praveen Someshwar	Member of the Audit Committee
Also Present:	
Mrs. Rashmi Verma	Independent Director

1. BACKGROUND

1.1. A meeting of the Audit Committee of HT Media Limited was held on February 10, 2021 to consider and, if thought fit, to 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. This report of the Audit 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 September 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 Audit Committee:

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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. Presentation submitted by the Registered Valuers on their analysis & methodology adopted for the purposes of issuing their joint Valuation Report;

e. 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 I Merchant Banker (SEBI Registration No. INM000012698) on the fair equity share exchange ratios recommended in the Valuation Report for the purpose of the Scheme;

f. Certificate dated February 10, 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;

g. Audited financial statements of the Transferor Companies and the Transferee Company for the year ended March 31, 2020;

h. Unaudited financial results of HTML, DCL & NMW for the period ended December 31, 2020 along with the Limited Review Report obtained from their Statutory Auditors on such unaudited financial results; and

i. Draft un-audited financial statements of HTMS as on December 31, 2020.

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2. PROPOSED SCHEME OF AMALGAMATION:

2.1. The Audit 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."*

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

2.2. **The salient features of the Scheme are as under:**

2.2.1. 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.

2.2.2. The Appointed Date for the purpose of the Scheme means April 1, 2020.

2.2.3. 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"

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.

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

2.2.5. 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.

2.2.6. 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; and
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;
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.

2.3. **The Synergies and Cost Benefit analysis of the Scheme:**

This Scheme will result in consolidation of businesses of the Transferor Companies and get housed in the Transferee Company. Consolidation will be in the interest of stakeholders of the Transferee & Transferor Companies to 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:

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- 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

Except the cost for implementation of the Scheme, there are no additional costs involved for the proposed Scheme. The Audit Committee is of the opinion that the expected synergies and benefits in pursuance of the proposed Scheme would result in savings in operational costs and would offset the impact of costs of implementation of the Scheme.

2.4. **Valuation Methods evaluated for the Fair Equity Share Exchange Ratios:**

The members of the Audit 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 Audit Committee noted that the Valuation Report issued jointly by SSPA & Co. and Finvox Analytics, Registered Valuers inter-alia, recommended the fair equity share exchange ratios for the proposed Scheme.

Mr. Parag Ved, representing SSPA and Mr. Amrish Garg, representing Finvox informed the members of the Audit Committee that they have independently applied approaches / methods, as considered appropriate while arriving at their respective assessment of the relative values per equity share of the companies. Thereafter the Registered Valuers gave a joint presentation on the approaches and methods adopted by them to arrive at the respective fair equity share exchange ratios for the proposed Scheme.

While discussing the approach adopted for HTML and HTMS, Mr. Parag Ved, informed the Audit Committee that 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, Mr. Parag Ved informed the Committee 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.

Mr. Amrish Garg, informed the Audit Committee 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, they have 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,

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HTMS's true worth is not reflected by its net assets. Therefore, Finvox has not used the asset approach for valuation of HTMS.

The Registered Valuers further informed the Committee that given the nature of businesses of HTML and HTMS and the fact that both the Registered Valuers have been provided with the projected financials of these companies, they both had a consensus to consider 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 Registered Valuers explained the Committee that both these companies derive majority of their value from their underlying investments in subsidiary companies, therefore they have considered the NAV method under the Asset approach for their valuation, wherein the fair values of the underlying investments held by DCL and NMW have been considered by applying DCF method under income approach.

Both the registered valuers further added 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. Since they are carrying out relative valuation, and based on their analysis, it would be inappropriate to ignore their market prices. Accordingly, to calculate the relative equity value, both SSPA and Finvox have also considered the market prices for HTML, DCL & NMW.

Based on their assessment, Mr. Parag Ved, informed the Committee 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	
Exchange Ratio (rounded off)			3.25		14.00		12.00	

Based on their assessment, Mr. Amrish Garg, informed the Committee 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	

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Exchange Ratio (rounded off)			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 further added that suitable minor adjustments / rounding off have been done in the respective relative values arrived by them.

The Audit Committee noted the above explanations provided by the respective registered valuers on valuation methodology to determine the value of shares of the Transferor Companies and the Transferee Company and agreed with their jointly recommended fair equity share exchange ratios for the proposed Scheme.

The Audit Committee noted the following fair equity share exchange ratios for 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 share 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 Audit Committee was further informed 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.

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2.5. **Analysis of provisions pertaining to related party transactions:**

The Audit Committee reviewed and noted that the proposed amalgamation does not fall within the purview of related party transactions in view of General Circular No. 30/2014 dated July 17, 2014 issued by the Ministry of Corporate Affairs, hence the provisions of Section 188 of the Companies Act, 2013 are not applicable and the same is subject to the sanction of the National Company Law Tribunal.

NMW and HTMS are the subsidiaries of the Company and DCL is fellow subsidiary of the Company. In light of the same, the transaction under the proposed Scheme may be considered as a related party transaction under the applicable provisions of the LODR regulations.

The consideration as set forth in the Scheme will be discharged on "arm's length basis". The fair equity share exchange ratios for the shares to be allotted to the shareholders of Transferor Companies is based on Valuation Report jointly issued by SSPA & Co. and Finvox Analytics, Registered Valuers.

Sundae Capital Advisors Private Limited and Inga Ventures Private Limited, SEBI registered Category-1 Merchant Bankers, have also provided their separate fairness opinions on the above mentioned fair equity share exchange ratios. Ms. Kavita Shah (representing Inga Ventures Private Limited) and Mr. Sourabh Garg (representing Sundae Capital Advisors Private Limited) confirmed to the Audit Committee 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. The aforementioned Valuation Report and Fairness Opinion have duly been considered by the Audit Committee.

Further, M/s B S R and Associates, Statutory Auditor of the Company have confirmed that 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.

The Audit Committee was further apprised that in case of issuance of shares under a scheme by a listed company to shareholders of an unlisted company, the SEBI Circulars prescribe the listed company to follow the pricing provisions of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time ("ICDR Regulations"). As the proposed Scheme would involve issuance of shares by HTML (being a listed Company) to shareholders of HTMS (being an unlisted company), the fair equity share exchange ratio for amalgamation of HTMS with HTML has been determined in compliance with the above-mentioned pricing provisions of the ICDR Regulations. Certificate issued by MRKS And Associates, Chartered Accountants certifying the minimum price as prescribed under Chapter V of ICDR Regulations have duly been considered by the Audit Committee.

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2.6. **Impact of the Scheme on the shareholders of the Company are as under:**

2.6.1. The proposed Scheme is in the interest of the shareholders on account of benefits as enumerated in para 2.3 above which may also potentially unlock long term value.

2.6.2. The shareholders of the respective Transferor Companies as on the Record Date will be entitled to equity shares in the Company on the basis of the following the fair equity share exchange ratios determined by Registered Valuers in their Valuation Report submitted to this Committee.

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.

2.6.3. Fairness opinions by SEBI Registered Category 1 Merchant Banker Sundae Capital Advisors Private Limited and Inga Ventures Private Limited on the above fair equity share exchange ratios have also been obtained by the Company.

2.6.4. The equity shares will be listed on BSE and NSE

2.6.5. The Scheme will not adversely affect the rights or interest of any shareholder of the Company or creditors, in any manner whatsoever.

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3. RECOMMENDATION OF THE AUDIT COMMITTEE

Taking into consideration the draft Scheme, Valuation Report , Fairness Opinion, and other documents, as placed, the Audit Committee recommends the draft Scheme to the Board of Directors of the Company for their consideration and approval.

By Order of the Audit Committee
For **HT Media Limited**

Vivek Mehra
(DIN: 00101328)
Chairman of the Audit Committee
Date: February 10, 2021
Place: Mukteshwar (Uttarakhand)

DIGICONTENT LIMITED

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(formerly known as HT Digital Ventures Limited)
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REPORT OF THE AUDIT COMMITTEE OF DIGICONTENT LIMITED (THE "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. Vivek Mehra	Chairman of the Audit Committee
Mr. Ajay Relan	Member of the Audit Committee
Ms. Suchitra Rajendra	Member of the Audit Committee
Also Present:	
Mr. Dinesh Mittal	Director

1. **BACKGROUND**

1.1. A meeting of the Audit Committee of Digicontent Limited was held on February 10, 2021 to consider and, if thought fit, to 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, 2013. The equity shares of the Company are listed on BSE and NSE.

1.3. This report of the Audit 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;

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("SEBI Circulars") and after considering the following documents that were placed before the Audit Committee:

a. Draft Composite Scheme of Amalgamation;

b. Draft Certificate from B S R and Associates, Statutory Auditor of the Company, confirming that in accordance with Indian Accounting Standards specified under Section 133 of the Companies Act 2013, no accounting treatment has been specified for the Company since pursuant to the Scheme, the Company will be amalgamated into the Transferee Company as a going concern without winding up;

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. Presentation submitted by the Registered Valuers on their analysis & methodology adopted for the purposes of issuing their joint Valuation Report;

e. 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 I Merchant Banker (SEBI Registration No. INM000012698) on the fair equity share exchange ratios recommended in the Valuation Report for the purpose of the Scheme;

f. Audited financial statements of the Company and the Transferee Company for the year ended March 31, 2020;

g. Unaudited financial results of the Company and Transferee Company for the period ended December 31, 2020 along with the Limited Review Report obtained from their Statutory Auditors on such unaudited financial results; and

2. **PROPOSED SCHEME OF AMALGAMATION:**

2.1. The Audit Committee noted the rationale and need for amalgamation of the Company with the Transferee Company, as provided in the draft Scheme as under:

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

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2.2. **The salient features of the Scheme are as under:**

2.2.1. 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.

2.2.2. The Appointed Date for the purpose of the Scheme means April 1, 2020.

2.2.3. In consideration of the proposed Scheme, the Transferee Company will issue and allot equity shares, to each shareholder of the Company, whose names appear in the register of members of the Company 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"

In issuance of its shares, as per the above fair equity share exchange ratios, no fractional shares shall be issued by the Transferee 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.

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

2.2.5. 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 Transferee Company in compliance with

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provisions of SEBI Circulars and requirements of the Companies Act, 2013;

c. Sanction of the Scheme by the Hon'ble NCLT; and
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;
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 Transferee Company.

2.3. **The Synergies and Cost Benefit analysis of the Scheme:**

This Scheme will result in consolidation of businesses of the Transferor Companies and get housed in the Transferee Company. Consolidation will be in the interest of stakeholders of the Transferee & Transferor Companies to 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

In terms of Clause 25.1 of the Scheme, all costs arising out of or incurred in carrying out and implementing this Scheme shall be borne and paid by the Transferee Company. There are no additional costs proposed by the Company for the Scheme. The Audit Committee is of the opinion that the expected synergies and benefits in pursuance of the proposed Scheme would result in savings in operational costs and would offset the impact of costs of implementation of the Scheme.

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2.4. **Valuation Methods evaluated for the Fair Equity Share Exchange Ratios:**

The members of the Audit 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 Audit Committee noted that the Valuation report issued jointly by SSPA & Co. and Finvox Analytics, Registered Valuers inter-alia, recommended the fair equity share exchange ratios for the proposed Scheme.

Mr. Parag Ved, representing SSPA and Mr. Amrish Garg, representing Finvox informed the members of the Audit Committee that they have independently applied approaches / methods, as considered appropriate while arriving at their respective assessment of the relative values per equity share of the companies. Thereafter the Registered Valuers gave a joint presentation on the approaches and methods adopted by them to arrive at the respective fair equity share exchange ratios for the proposed Scheme.

While discussing the approach adopted for HTML, Mr. Parag Ved informed the Audit Committee that in the present case, the business of HTML is intended to be continued on a 'going concern basis' and there is no intention to dispose-off the assets, therefore SSPA has not adopted the Asset approach for HTML. Mr. Parag Ved further informed the Committee that since DCL has an insignificant business, therefore SSPA has not considered Income approach for it.

Mr. Amrish Garg, informed the Audit Committee that Finvox has used NAV method under the Asset approach to arrive at the relative fair value of equity shares of HTML and DCL. In case of HTML, as the market price is less than the Net Asset Value ("NAV"), therefore, they have considered the asset approach to arrive at the relative fair value of the equity shares of HTML.

Further, given the nature of business of HTML and the fact that the Registered Valuers have been provided with the projected financials of HTML, they both had a consensus to consider it appropriate to also apply the Discounted Cash Flow Method ("DCF") under the Income approach to arrive the relative fair value of the shares of HTML.

With respect to DCL, the Registered Valuers explained the Committee that DCL derives majority of its value from its underlying investment in subsidiary company,

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therefore they have considered the NAV method under the Asset approach for DCL's valuation, wherein the fair values of the underlying investments held by DCL have been considered by applying DCF method under income approach.

Both the registered valuers further added that the equity shares of HTML and DCL are listed on BSE and NSE and as per the relevant SEBI regulations, the equity shares of HTML and DCL are frequently traded. Since they are carrying out relative valuation, and based on their analysis, it would be inappropriate to ignore their market prices. Accordingly, to calculate the relative equity value, both SSPA and Finvox have also considered the market prices for HTML and DCL.

Based on their assessment, Mr. Parag Ved, informed the Committee 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**	
	Value per share (INR)	**Weights**	**Value per share (INR)**	**Weights**
Asset Approach-NAV method	NA	NA	34.18	50%
Income Approach-DCF method	137.29	50%	NA	NA
Market Approach-Market Price Method	15.93	50%	13.13	50%
Relative value per share equity (INR)	76.61		23.65	
Exchange Ratio (rounded off)			3.25	

Based on their assessment, Mr. Amrish Garg, informed the Committee 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**	
	Value per share (INR)	**Weights**	**Value per share (INR)**	**Weights**
Asset Approach- NAV method	84.53	33.33%	32.56	50.00%

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Income Approach-DCF method	127.69	33.33%	NA	NA
Market Approach-Market Price Method	17.30	33.33%	14.64	50.00%
Relative value per share equity (INR)	76.51		23.60	-
Exchange Ratio (rounded off)			3.25	

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

The Audit Committee noted the above explanations provided by the respective registered valuers on valuation methodology to determine the value of shares of the Company and the Transferee Company and agreed with their jointly recommended fair equity share exchange ratios for the proposed Scheme.

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

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 members of Audit Committee were further apprised that there is no difference in the valuation of HTML used for determination of the fair equity share exchange ratio for the other parts of the Scheme (i.e. amalgamation of NMW and HTMS with HTML) as the same has been determined by applying similar valuation principles and methodologies.

2.5. **Analysis of provisions pertaining to related party transactions:**

The Audit Committee reviewed and noted that the proposed amalgamation does not fall within the purview of related party transactions in view of General Circular No. 30/2014 dated July 17, 2014 issued by the Ministry of Corporate Affairs, hence

DIGICONTENT LIMITED

the provisions of Section 188 of the Companies Act, 2013 are not applicable and the same is subject to the sanction of the National Company Law Tribunal.

NMW and HTMS are the subsidiaries of the Transferee Company and DCL is fellow subsidiary of the Transferee Company. In light of the same, the transaction under the proposed Scheme may be considered as a related party transaction under the applicable provisions of the LODR regulations.

The consideration as set forth in the Scheme will be discharged on "arm's length basis". The fair equity share exchange ratios for the shares to be allotted to the shareholders of Transferor Companies is based on Valuation Report jointly issued by SSPA & Co. and Finvox Analytics, Registered Valuers.

Sundae Capital Advisors Private Limited and Inga Ventures Private Limited, SEBI registered Category-1 Merchant Bankers, have also provided their separate fairness opinions on the abovementioned fair equity share exchange ratios. Ms. Kavita Shah (representing Inga Ventures Private Limited) and Mr. Sourabh Garg (representing Sundae Capital Advisors Private Limited) confirmed to the Audit Committee 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. The aforementioned Valuation Report and Fairness Opinions have duly been considered by the Audit Committee.

Further, M/s B S R and Associates, Statutory Auditor of the Company have confirmed that in accordance with Indian Accounting Standards specified under Section 133 of the Companies Act 2013, no accounting treatment has been specified for the Company since pursuant to the Scheme, the Company will be amalgamated into the Transferee Company as a going concern without winding up.

2.6. **Impact of the Scheme on the shareholders of the Company are as under:**

2.6.1. The proposed Scheme is in the interest of the shareholders on account of benefits as enumerated in para 2.3 above which may also potentially unlock long term value.

2.6.2. The shareholders of the Company as on the Record Date will be entitled to equity shares in the Transferee Company on the basis of the following the fair equity share exchange ratios determined by Registered Valuers in their Valuation Report submitted to this Committee.

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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

2.6.3. Fairness opinions by SEBI Registered Category 1 Merchant Banker Sundae Capital Advisors Private Limited and Inga Ventures Private Limited on the above fair equity share exchange ratios have also been obtained by the Company.

2.6.4. The equity shares will be listed on BSE and NSE.

2.6.5. The Scheme will not adversely affect the rights or interest of any shareholder of the Company or creditors, in any manner whatsoever.

3. RECOMMENDATION OF THE AUDIT COMMITTEE

Taking into consideration the draft Scheme, Valuation Report, Fairness Opinion, and other documents, as placed, the Audit Committee recommends the draft Scheme to the Board of Directors of the Company for their consideration and approval.

By Order of the Audit Committee
For **Digicontent Limited**

DIGICONTENT LIMITED

Vivek Mehra
(DIN: 00101328)
Chairman of the Audit Committee
Date: February 10, 2021
Place: Mukteshwar (Uttarakhand)

NEXT MEDIAWORKS LIMITED

REPORT OF THE AUDIT COMMITTEE OF NEXT MEDIAWORKS LIMITED (THE "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	Chairman of the Audit Committee
Mr. Sameer Singh	Member of the Audit Committee
Ms. Suchitra Rajendra	Member of the Audit Committee
Also Present:	
Mr. Dinesh Mittal	Director

1. BACKGROUND

1.1. A meeting of the Audit Committee of Next Mediaworks Limited was held on February 10, 2021 to consider and, if thought fit, to 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. This report of the Audit 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 Audit Committee:

a. Draft Composite Scheme of Amalgamation;

b. Draft Certificate from B S R and Associates, Statutory Auditor of the Company, confirming that in accordance with Indian Accounting Standards specified under

Unit 701 A, 7th Floor, Tower-2, Indiabulls Finance Centre, Senapati Bapat Marg, Elphinstone Road, Mumbai – 400 013, Ph.:+91 22 44104104
Website: www.nextmediaworks.com, CIN: L22100MH1981PLC024052
E-mail: cs@nextmediaworks.com

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Section 133 of the Companies Act 2013, no accounting treatment has been specified for the Company since pursuant to the Scheme, the Company will be amalgamated into the Transferee Company as a going concern without winding up;

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. Presentation submitted by the Registered Valuers on their analysis & methodology adopted for the purposes of issuing their joint Valuation Report;

e. 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 I Merchant Banker (SEBI Registration No. INM000012698) on the fair equity share exchange ratios recommended in the Valuation Report for the purpose of the Scheme;

f. Audited financial statements of the Company and the Transferee Company for the year ended March 31, 2020;

g. Unaudited financial results of the Company and Transferee Company for the period ended December 31, 2020 along with the Limited Review Report obtained from their Statutory Auditors on such unaudited financial results; and

2. PROPOSED SCHEME OF AMALGAMATION:

2.1. The Audit Committee noted the rationale and need for amalgamation of the Company with the Transferee 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 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

NEXT MEDIA WORKS LIMITED

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

2.2. The salient features of the Scheme are as under:

2.2.1. 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.

2.2.2. The Appointed Date for the purpose of the Scheme means April 1, 2020.

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

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"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"

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 the Company, 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 Transferee 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.

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

2.2.5. 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 Transferee Company in compliance with provisions of SEBI Circulars and requirements of the Companies Act, 2013;

c. Sanction of the Scheme by the Hon'ble NCLT; and

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;

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 Transferee Company.

2.3. The Synergies and Cost Benefit analysis of the Scheme:

This Scheme will result in consolidation of businesses of the Transferor Companies to come together and get housed in the Transferee Company.

NEXT MEDIAWORKS LIMITED

Consolidation will be in the interest of stakeholders of the Transferee & Transferor Companies to 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

In terms of Clause 25.1 of the Scheme, all costs arising out of or incurred in carrying out and implementing this Scheme shall be borne and paid by the Transferee Company. There are no additional costs proposed by the Company for the Scheme. The Audit Committee is of the opinion that the expected synergies and benefits in pursuance of the proposed Scheme would result in savings in operational costs and would offset the impact of costs of implementation of the Scheme.

2.4. **Valuation Methods evaluated for the Fair Equity Share Exchange Ratios:**

The members of the Audit 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 Audit Committee noted that the Valuation Report issued jointly by SSPA & Co. and Finvox Analytics, Registered Valuers inter-alia, recommended the fair equity share exchange ratios for the proposed Scheme.

Mr. Parag Ved, representing SSPA and Mr. Amrish Garg, representing Finvox informed the members of the Audit Committee that they have independently applied approaches / methods, as considered appropriate while arriving at their respective assessment of the relative values per equity share of the companies. Thereafter the Registered Valuers gave a joint presentation on the approaches and methods adopted by them to arrive at the respective fair equity share exchange ratios for the proposed Scheme.

While discussing the approach adopted for HTML, Mr. Parag Ved, informed the Audit Committee that the business of the company is 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 HTML. With respect to NMW, Mr. Parag Ved informed the Committee that since NMW does not carry business operations on its own, therefore SSPA has not considered Income approach for NMW.

Mr. Amrish Garg, informed the Audit Committee that Finvox has used NAV method under the Asset approach to arrive at the relative fair value of equity shares of HTML and NMW. In case of HTML, as the market price is less than the Net Asset Value ("NAV"), therefore, they have considered the asset approach to arrive at the relative fair value of the equity shares of HTML.

The Registered Valuers further informed the Committee that given the nature of business of HTML and the fact that both the Registered Valuers have been provided with the projected financials of HTML, they both had a consensus to consider 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 HTML.

With respect to NMW, the Registered Valuers explained the Committee that NMW derive majority of its value from the underlying investment in subsidiary company, therefore they have considered the NAV method under the Asset approach for its valuation, wherein the fair values of the underlying investments held by NMW have been considered by applying DCF method under income approach.

Both the registered valuers further added that the equity shares of HTML and NMW are listed on BSE and NSE and as per the relevant SEBI regulations, the equity shares of HTML are frequently traded, whereas, the equity shares of NMW are not frequently traded. Since they are carrying out relative valuation, and based on their analysis, it would be inappropriate to ignore their market prices. Accordingly, to calculate the relative equity value, both SSPA and Finvox have also considered the market prices for HTML and NMW.

Based on their assessment, Mr. Parag Ved, informed the Committee 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:

NEXT MEDIAWORKS LIMITED

Method of Valuation	HTML		NMW	
	Value per share (INR)	Weights	Value per share (INR)	Weights
Asset Approach- NAV method	NA	NA	5.36	50%
Income Approach- DCF method	137.29	50%	NA	NA
Market Approach- Market Price Method	15.93	50%	5.57	50%
Relative value per share equity (INR)	76.61		5.46	
Exchange Ratio (rounded off)			14.00	

Based on their assessment, Mr. Amrish Garg, informed the Committee 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		NMW	
	Value per share (INR)	Weights	Value per share (INR)	Weights
Asset Approach- NAV method	84.53	33.33%	5.44	50.00%
Income Approach- DCF method	127.69	33.33%	NA	NA
Market Approach- Market Price Method	17.30	33.33%	5.31	50.00%
Relative value per share equity (INR)	76.51		5.38	
Exchange Ratio (rounded off)			14.00	

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

The Audit Committee noted the above explanations provided by the respective registered valuers on valuation methodology to determine the value of shares of the Company and the Transferee Company and agreed with their jointly recommended fair equity share exchange ratios for the proposed Scheme.

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

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 Audit Committee was further informed 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 the Company, and all such shares shall stand cancelled and extinguished without any further application act or deed.

The members of Audit Committee were further apprised that there is no difference in the valuation of HTML used for determination of the fair equity share exchange ratio for the other parts of the Scheme (ie. amalgamation of DCL and HTMS with HTML) as the same has been determined by applying similar valuation principles and methodologies.

2.5. Analysis of provisions pertaining to related party transactions:

The Audit Committee reviewed and noted that the proposed amalgamation does not fall within the purview of related party transactions in view of General Circular No. 30/2014 dated July 17, 2014 issued by the Ministry of Corporate Affairs, hence the provisions of Section 188 of the Companies Act, 2013 are not applicable and the same is subject to the sanction of the National Company Law Tribunal.

NMW and HTMS are the subsidiaries of the Transferee Company and DCL is fellow subsidiary of the Transferee Company. In light of the same, the transaction under the proposed Scheme may be considered as a related party transaction under the applicable provisions of the LODR regulations.

The consideration as set forth in the Scheme will be discharged on "arm's length basis". The fair equity share exchange ratios for the shares to be allotted to the shareholders of Transferor Companies is based on Valuation Report jointly issued by SSPA & Co. and Finvox Analytics, Registered Valuers.

Sundae Capital Advisors Private Limited and Inga Ventures Private Limited, SEBI registered Category-1 Merchant Bankers, have also provided their separate

NEXT MEDIA WORKS LIMITED

fairness opinions on the above mentioned fair equity share exchange ratios. Ms. Kavita Shah (representing Inga Ventures Private Limited) and Mr. Sourabh Garg (representing Sundae Capital Advisors Private Limited) confirmed to the Audit Committee 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. The aforementioned Valuation Report and Fairness Opinion have duly been considered by the Audit Committee.

Further, M/s B S R and Associates, Statutory Auditor of the Company have confirmed that in accordance with Indian Accounting Standards specified under Section 133 of the Companies Act 2013, no accounting treatment has been specified for the Company since pursuant to the Scheme, the Company will be amalgamated into the Transferee Company as a going concern without winding up.

2.6. Impact of the Scheme on the shareholders of the Company are as under:

2.6.1. The proposed Scheme is in the interest of the shareholders on account of benefits as enumerated in para 2.3 above which may also potentially unlock long term value.

2.6.2. The shareholders of the Company as on the Record Date will be entitled to equity shares in the Transferee Company on the basis of the following the fair equity share exchange ratios determined by Registered Valuers in their Valuation Report submitted to this Committee.

"for every 14 (Fourteen) equity shares of face value of Rs. 10 (Rupees Ten only) each held in NMW as on the record date, the equity shareholders of NMW shall be issued 1 (One) equity share of face value Rs. 2 (Rupees Two only) each credited as fully paid-up in the Transferee Company"

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 the Company, and all such shares shall stand cancelled and extinguished without any further application act or deed.

2.6.3. Fairness opinions by SEBI Registered Category 1 Merchant Banker Sundae Capital Advisors Private Limited and Inga Ventures Private Limited on the above fair equity share exchange ratios have also been obtained by the Company.

2.6.4. The equity shares will be listed on BSE and NSE

2.6.5. The Scheme will not adversely affect the rights or interest of any shareholder of the Company or creditors, in any manner whatsoever.

NEXT MEDIAWORKS LIMITED

3. RECOMMENDATION OF THE AUDIT COMMITTEE

Taking into consideration the draft Scheme, Valuation Report, Fairness Opinion, and other documents, as placed, the Audit Committee recommends the draft Scheme to the Board of Directors of the Company for their consideration and approval.

By Order of the Audit Committee

For **NEXT MEDIAWORKS LIMITED**

NEXT MEDIAWORKS LIMITED

Ajay Relan
(DIN: 00002632**)**
Chairman of the Audit Committee
Date: February 10, 2021
Place: Gurugram