

GAURAV MERCANTILES LIMITED

3rd Floor, Tower 2B, One Indiabulls Centre, Senapati Bapat Marg, Lower Parel (West), Mumbai,
Maharashtra 400 013 Tel: 020 45404000

Website: www.gmlmumbai.com, email: cs@gmlmumbai.com, CIN: L74110MH1985PLC176592

June 16, 2020

BSE Limited

Corporate Services Department

Phiroze Jeejeeboy Towers

Dalal Street, Mumbai-400 001

Scrip Symbol: GMLM

Scrip Code: 539515

Subject: Pursuant to Regulation 30(2) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015: Update on Acquisition of Digital Media Business

Dear Sir/Madam,

This is in furtherance to our intimation letter dated May 6, 2020 regarding the outcome of the Board Meeting wherein the Board of Directors of Gaurav Mercantiles Limited ("Company") approved the Acquisition of the Digital Content Business from Quintillion Media Private Limited, being a related party.

Also, we refer to our intimation letter dated May 15, 2020 in respect of dispatch of notice of postal ballot to the shareholders of company and intimation letter dated May 16, 2020 in respect of publication of said notice in "Financial Express" (English Language) and "Lakshadeep" (Marathi Newspaper) on May 16, 2020.

Based on the Report issued by Mr. Devesh Kumar Vasisht (CP No. 13700), Practicing Company Secretary and Partner of M/s Sanjay Grover & Associates, Company Secretaries ("Scrutinizer"), we would like to inform you that the proposal for Acquisition of Digital Content Business has been approved by the shareholders of the Company with requisite majority.

The disclosure of event required to be made as per Regulation 30(2) read with Clause 1 of Para A of Para A specified under Schedule III to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2020 is annexed hereto and marked as **Annexure- 1** for your reference and it shall also be hosted on the website of the Company i.e. www.gmlmumbai.com.

You are requested to take the above information on record.

For Gaurav Mercantiles Limited

Anukrati Agarwal
(Company Secretary)



Information in respect of the acquisition of digital content business from Quintillion Media Private Limited

S. No	Particulars	Details
1.	Name of the target entity, details in brief such as size, turnover etc	<p>Quintillion Media Private Limited is a private limited company engaged <i>inter alia</i> in the business of owning and operating diversified digital content platforms. Quintillion Media Private Limited presently operates digital content platforms under the following names viz. “The Quint” – www.thequint.com, “The Quint Hindi” - "http://hindi.thequint.com"and “FIT” – www.fit.thequint.com (the “Digital Business”).</p> <p>The Digital Business had revenues of INR 11.1 Crores as per latest audited financial statements as at March 31, 2019.</p>
2.	Whether the acquisition would fall within related party transaction(s) and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at “arm’s length”	<p>Yes, the acquisition is a material related party transaction.</p> <p>Mr. Raghav Bahl and Ms. Ritu Kapur are common directors in the Company and Quintillion Media Private Limited.</p> <p>In addition, Mr. Raghav Bahl and Ms. Ritu Kapur, the promoters of Gaurav Mercantiles Limited collectively owning 66.42% of the share capital, are the ultimate beneficial shareholders of Quintillion Media Private Limited.</p> <p>Also, as a matter of good corporate governance it is also disclosed that Mr. Mohan Lal Jain, promoter of Gaurav Mercantiles Limited, is a director on the Board of the holding company of Quintillion Media Private Limited.</p> <p>The transaction is being entered at arm length based on a fair valuation report of an intendent valuer, supported by a fairness opinion from a Category – I Merchant Banker</p>

S. No	Particulars	Details
		registered with the Securities and Exchange Board of India.
3.	Industry to which the entity being acquired belongs	The proposed transaction involves acquisition of the Digital Business of Quintillion Media Private Limited as a 'going concern' on a 'slump sale basis' for a 'lump-sum consideration'.
4.	Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity)	<p>The Company had altered its main objects specified under the Memorandum of Association to undertake media and entertainment business, including digital business, with the prior approval of shareholders obtained through a postal ballot on May 12, 2019.</p> <p>Further, the Board of Directors vide their meeting held on July 17, 2019, discussed the preliminary proposal to acquire the Digital Business of Quintillion Media Private Limited.</p> <p>The key advantages and effects of acquisition of the Digital Business are as follows:</p> <p>(i) Give the company a strong foothold in the digital media business of the economy.</p> <p>(ii) Enable the Company and its shareholders to reap benefits from projected growth in the digital media business going forward. The key drivers for growth in digital media business are:</p> <p>a) Digital demography: increase in internet penetration and mobile subscribers.</p> <p>b) Digital monetization: increased investment in acquiring original content and investment in digital infrastructure.</p>

S. No	Particulars	Details
		<p>c) Regional content: share of regional languages is set to grow as the market players start to focus on content offerings in regional languages.</p> <p>d) Uptake in consumer spending: rise in discretionary personal expenditure will increase the propensity to pay for digital content.</p> <p>(iii) Gain from experience and expertise of Mr. Raghav Bahl and Ms. Ritu Kapur, the pioneers of Indian Media and Entertainment Industry</p>
5.	Brief details of any governmental or regulatory approvals required for the acquisition	The Company will seek necessary approval from the shareholders.
6.	Indicative time period for completion of the acquisition	It is expected that the transaction will be completed within 3 months from date of receipt of shareholders' approval.
7.	Nature of consideration - whether cash consideration or share swap and details of the same	Cash consideration
8.	Cost of acquisition or the price at which the shares are acquired	Lumpsum purchase consideration at an Enterprise Valuation of INR 30,58,55,459 (Thirty Crores Fifty Eight Lakhs Fifty Five Thousand Four Hundred Fifty Nine Only) and an Equity Value of INR 12,62,26,644 (Twelve Crores Sixty Two Lakhs Twenty Six Thousand Six Hundred Forty Four Only), adjusted in accordance with the terms of the draft Business Transfer Agreement (<i>including closing adjustments</i>), based on the fair valuation report of an independent valuer.
9.	Percentage of shareholding / control acquired and / or number of shares acquired	Not applicable

S. No	Particulars	Details
10.	Brief background about the entity acquired such as product/Line of business acquired, date of incorporation, history of last 3 years turnover, Country in which the acquired entity has presence Any other significant information (in brief)	<p>(i) The proposed transaction involves acquisition of Digital Business of Quintillion Media Private Limited as a 'going concern' on a 'slump sale basis' for a 'lump-sum consideration'.</p> <p>(ii) Turnover of the Digital Business for last 3 years (as per audited accounts) is as under:</p> <p style="padding-left: 40px;">FY 2016-2017: Rs 3.35 Crores FY 2017-2018: Rs 7.25 Crores FY 2018-2019: Rs 11.1 Crores</p> <p>(iii) Quintillion Media Private Limited is a company incorporated in India.</p>

