

# Hindustan Media Ventures Limited

Head Office :  
C-164, Sector-63, Noida  
Dist. Gautam Budh Nagar UP - 201301  
Ph. : 0120 - 4765650  
E-mail : corporatedept@hindustantimes.com  
CIN : L21090BR1918PLC000013

February 1, 2019

## The National Stock Exchange of India Limited

Exchange Plaza, Plot No. C-1, Block G  
Bandra — Kurla Complex, Bandra (E)

Mumbai - 400 051

## BSE Limited

Phiroze Jeejeebhoy Towers  
Dalal Street

Mumbai - 400 001

Scrip Code: 533217

Trading Symbol: HMVL

**Sub: Notice convening meeting of the Equity Shareholders of the Company pursuant to order of the Hon'ble National Company Law Tribunal (NCLT)**

Dear Sir,

In terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith, copy of the Notice convening meeting of the Equity Shareholders of Hindustan Media Ventures Limited ('HMVL'/'Company') pursuant to order of the Hon'ble National Company Law Tribunal, Kolkata Bench vide Order dated January 4, 2019, to be held on Friday, March 8, 2019 at 2:00 P.M. at the registered office of the Company i.e. Budh Marg, Patna – 800 001 for the purpose of considering, and if thought fit, approving with or without modification(s), the Scheme of Arrangement between HMVL and India Education Services Private Limited and their respective shareholders under Sections 230(1) read with Section 232(1) of the Companies Act, 2013 ("Scheme").

The Equity Shareholders have been provided with the facility to cast their vote on the resolution to consider and approve the Scheme, through e-voting. The Company has engaged the services of Karvy Fintech Private Limited (Karvy) to provide the e-voting facility.

The e-voting facility will be available during the following period:

<b>Commencement of e-voting</b>	From to 9.00 p.m. (Server time) on March 4, 2019 (Monday)
<b>End of e-voting</b>	Up to 5.00 p.m. (Server time) on March 7, 2019 (Thursday)

The Company is also providing facility to vote via polling paper at the venue of the meeting

Registered Office :

Budh Marg, Patna - 800001

Ph.: 0612-2223434, 2223772, 2223413, 2223314, 2222538

Fax : 0612-2226120

कादम्बिनी

हिन्दुस्तान

नंदन

The Equity Shareholders of the Company, whose name appear in the Register of Equity Shareholders/list of Beneficial Owners as on Friday, March 1, 2019 ('Cut-Off date') shall be entitled to vote. The voting rights shall be reckoned on the paid-up value of the shares registered in the name of Equity Shareholders / Beneficial Owners as on the Cut-off date.

The said Notices of Equity Shareholders is also available on the Company's website viz. [www.hmvl.in](http://www.hmvl.in).

The above is for your reference and record.

Thanking you,

Yours faithfully,  
For **Hindustan Media Ventures Limited**



(Authorised Signatories)

Encl: As above





## HINDUSTAN MEDIA VENTURES LIMITED

CIN: L21090BR1918PLC000013

**Registered Office:** Budh Marg, Patna 800 001

**Ph:** +91 612 222 3434 **Fax:** +91 612 222 1545

**Corporate Office:** Hindustan Times House (2<sup>nd</sup> floor)

18-20, Kasturba Gandhi Marg, New Delhi- 110 001

**Ph:** +91 11 6656 1608 **Fax:** +91 11 6656 1445

**Email:** hmvlinvestor@livehindustan.com **Website:** www.hmvl.in

### NOTICE

#### MEETING OF EQUITY SHAREHOLDERS

(CONVENED PURSUANT TO ORDER DATED JANUARY 4, 2019 OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, KOLKATA BENCH)

MEETING	
Day	Friday
Date	March 8, 2019
Time	2:00 PM
Venue	Hindustan Media Ventures Limited, Budh Marg, Patna - 800 001

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**Before the National Company Law Tribunal  
Kolkata Bench  
Miscellaneous Application. No.1181/KB/2018**

**Connected With**

**Company Application No.755/KB/2018**

In the Matter of the Companies Act, 2013 - Section 230(1) read with Section 232(1)

And

In the Matter of :

Rule 11 of the National Company Law Tribunal Rules, 2016

And

In the Matter of :

Hindustan Media Ventures Limited, a Company incorporated under the provisions of the Companies Act, 1913 and being a Company within the meaning of the Companies Act, 2013 having Corporate Identification No. L21090BR 1918PLC000013 and its registered office at Budh Marg, Patna - 800 001 in the State of Bihar.

. . . . . Applicant

**NOTICE CONVENING MEETING OF EQUITY SHAREHOLDERS**

**To,  
The Equity Shareholders of  
Hindustan Media Ventures Limited**

NOTICE is hereby given that by an order dated January 4, 2019 (“**Order**”), the Hon’ble National Company Law Tribunal, Kolkata Bench (“**Tribunal**”) has directed a fresh meeting (“**Meeting**”), of the Equity Shareholders of Hindustan Media Ventures Limited, the Applicant above named (“**Resulting Company**”), to be held for the purpose of their considering, and if thought fit, approving, with or without modification, the proposed Scheme of Arrangement between India Education Services Private Limited, (“**Demerged Company**”) and the said Resulting Company and their respective shareholders (“**Scheme**”).

In pursuance of the Order, and as directed therein, further notice is hereby given that a fresh Meeting of the Equity Shareholders of the Resulting Company will be held at the Registered Office of the Resulting Company at Budh Marg, Patna - 800 001 on Friday, March 8, 2019 at 2:00 PM to consider, and if thought fit, to pass the following resolution for approval of the Scheme by requisite majority as prescribed under Section 230(1) read with Section 232(1) of the Companies Act, 2013:-

***"RESOLVED THAT** pursuant to the provisions of Section 230(1) read with Section 232(1) of the Companies Act, 2013, the Scheme of Arrangement between India Education Services Private Limited and Hindustan Media Ventures Limited and their respective shareholders filed by Hindustan Media Ventures Limited before the Hon’ble National Company Law Tribunal, Kolkata Bench (“**Tribunal**”), a copy where of is enclosed with the Notice dated January 24, 2019 convening meeting of Equity Shareholders of Hindustan Media Ventures Limited, be and is hereby approved.*

***RESOLVED FURTHER THAT** the Board of Directors of Hindustan Media Ventures Limited (hereinafter referred to as the “**Board**” which term shall be deemed to mean and include one or more Committee(s) constituted by the Board or any other person authorized by it to exercise its power including the powers conferred by this resolution) be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to the above resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Hon’ble Tribunal or its appellate authority(ies) / while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise in giving effect to the Scheme of Arrangement, as the Board may deem fit and proper.”*

TAKE FURTHER NOTICE that in terms of the said Order of the Hon’ble Tribunal, you shall have the facility and option of voting on the resolution for approval of the Scheme by casting your votes in person or by proxy at the venue of the Meeting on March 8, 2019 or by remote electronic voting (“remote e-voting”) during the period commencing from 9:00 a.m. on March 4, 2019 and ending at 5:00 p.m. on March 7, 2019. Kindly refer to Notes below for further details on the voting procedure.

Take note that you may opt to exercise your votes only in one mode, i.e., by (a) poll at the venue of the Meeting or (b) by remote e-voting. If you cast your votes by remote e-voting, as aforesaid, you will not be entitled to vote again at the venue of the Meeting, whether in person or by proxy. If you do so, the votes so cast by you at the venue of the Meeting shall be treated as invalid.

It is however clarified that shareholders casting their votes by remote e-voting, as aforesaid, shall nevertheless be entitled to attend the Meeting and participate in the discussions in the Meeting, but shall not be entitled to vote again at the Meeting. At the venue of the Meeting the votes shall be taken only physically by poll. Facility for e-voting shall not be available at the venue of the Meeting.

The aforesaid resolution for approval of the Scheme shall, if passed by a majority in number representing three-fourths in value of all Equity Shareholders of the Resulting Company casting their votes, as aforesaid, shall be deemed to have been duly passed on the date of the said Meeting (i.e. March 8, 2019) of the Equity Shareholders of the Resulting Company under Section 230(1) read with Section 232(1) of the Companies Act, 2013. However, pursuant to paragraph 1(A)9 of Annexure I of Securities and Exchange Board of India ("SEBI") Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("SEBI Circular"), the Scheme shall be acted upon only if the votes cast by public shareholders in favour of the resolution set out above are more than the number of votes cast by the public shareholders against the resolution.

**Votes may be cast, as aforesaid, at the venue of the Meeting by you personally or by proxy provided that in the latter case, a proxy in the prescribed form, duly signed by you, is deposited at the registered office of the Resulting Company, not later than 48 (forty eight) hours before the time for holding the Meeting. A proxy need not be an Equity Shareholder of the Resulting Company. A person can act as a proxy on behalf of Equity Shareholders not exceeding 50 (fifty) and holding in aggregate not more than 10% of the total Equity Share Capital of the Resulting Company. An Equity Shareholder holding more than 10% of the total Equity Share Capital of the Resulting Company may appoint a single person as proxy and such person shall not act as a proxy for any other Equity Shareholder.**

**In case of a Body Corporate being an Equity Shareholder of the Resulting Company, opting to attend and vote at the venue of the Meeting as aforesaid through its authorised representative, such Body Corporate may do so provided a certified copy of the resolution of its Board of Directors or other governing body authorising such representative to attend and vote at the Meeting on its behalf is deposited at the registered office of the Resulting Company not later than 48 (forty eight) hours before the time for holding the Meeting.**

The Hon'ble Tribunal has appointed Mr. Surendra Singh, Advocate to be the Chairperson of the said Meeting of the Equity Shareholders of the Resulting Company.

A copy each of the said Scheme of Arrangement; form of proxy; attendance slip; the Explanatory Statement under Section 230(3) read with Section 232(2) of the Companies Act, 2013 along with all annexures to such statement are enclosed herewith. A copy of this notice and the accompanying documents are also placed on the website of the Resulting Company viz. [www.hmvl.in](http://www.hmvl.in).

Shareholders opting to cast their votes by remote e-voting, are requested to read the instructions in the notes below carefully. The votes should be cast in the manner described in the instructions by 5:00 p.m on March 7, 2019. Responses received after the said time will be treated as invalid.

The results of the Meeting shall be announced by the Chairperson on or before March 10, 2019 and the same shall be displayed on the website of the Resulting Company (<http://www.hmvl.in>) and Karvy Fintech Private Limited ("Karvy") (<https://evoting.karvy.com>), being the agency appointed by the Resulting Company to provide the e-voting facility to the shareholders, as aforesaid.

The abovementioned Scheme of Arrangement, if approved at the aforesaid Meeting, will be subject to the subsequent approval of the Hon'ble Tribunal.

Dated this 24<sup>th</sup> day of January, 2019

Sd/-  
Surendra Singh  
Advocate  
(Chairperson appointed for the Meeting)  
29, Lawyer's Chamber  
Bihar State Bar Council Bhawan  
Patna High Court  
Enroll No – 1251/1988

### Notes for Meeting of Equity Shareholders of the Resulting Company:

- 1) Only registered Equity Shareholders of the Resulting Company may attend (either in person or by proxy or by authorised representative) at the said Meeting of the Equity Shareholders of the Resulting Company.
- 2) Members are informed that in case of joint holders attending the Meeting, only such joint holder whose name stands first in the Register of Members of the Resulting Company / list of beneficial owners as received from National Securities Depository Limited ("NSDL") /Central Depository Services (India) Limited ("CDSL") (collectively referred to as "Depositories") in respect of such joint holding will be entitled to vote.
- 3) The Notice, Explanatory Statement together with the accompanying documents, is being sent to the Equity Shareholders in electronic form whose e-mail addresses are registered with the Depository Participants (in case of electronic shareholding) or the Resulting Company's Registrar and Share Transfer Agent (in case of physical shareholding), unless the Equity Shareholder(s) has requested for a physical copy of the same. For Equity Shareholders whose e-mail addresses are not so registered, physical copies of the Notice are being sent by the permitted mode.
- 4) Paragraph 1(A)9 of Annexure I of Securities and Exchange Board of India ("SEBI") Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("SEBI Circular") requires the instant Scheme to be put for voting by public shareholders by e-voting and provides that *"the Scheme of Arrangement shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it."* It is clarified that since this Notice itself gives the option and provides for voting by all Equity Shareholders (which include the Public Shareholders) to the Scheme by way of e-voting, no separate procedure for e-voting is required to be carried out by Resulting Company for seeking approval to the Scheme by its Public Shareholders in terms of the SEBI Circular. It is further clarified that this Notice sent to the Equity Shareholders (which includes Public Shareholders) of the Resulting Company would be deemed to be the notice sent to the Public Shareholders of the Resulting Company and the Scheme shall be acted upon only if the votes cast by Public Shareholders in favour of the Scheme are more than the number of votes cast by the Public Shareholders against the Scheme in terms of the SEBI Circular. For this purpose, the term "Public" shall have the meaning assigned to it in Rule 2(d) of the Securities Contracts (Regulations) Rules, 1957 and the term "Public Shareholders" shall be construed accordingly.
- 5) In accordance with Section 230(4) read with the Companies (Compromises, Arrangement and Amalgamation) Rules, 2016 and the Companies (Management and Administration) Rules, 2014, the Equity Shareholders of the Resulting Company shall have the facility and option of voting on the resolution for approval of the Scheme by casting their votes in person or by proxy at the venue of the Meeting on March 8, 2019 or by remote electronic voting ("remote e-voting") during the period commencing from 9:00 a.m. on March 4, 2019 and ending at 5:00 p.m. on March 7, 2019. The Resulting Company has engaged the services of Karvy Fintech Private Limited (Karvy), the Registrar & Share Transfer Agent of the Resulting Company, as the authorized agency to provide the e-voting facility.
- 6) The documents referred to in the Notice and accompanying Explanatory Statement shall be available for inspection without any fee by the Equity Shareholders on all working days (except Saturdays, Sundays and Public holidays) during 10.00 a.m. to 4.00 p.m. at the Registered Office of Resulting Company, from the date of dispatch of this Notice till the date of the Meeting. This Notice of the Meeting of Equity Shareholders of the Resulting Company is also displayed / posted on the website of the Resulting Company at [www.hmvl.in](http://www.hmvl.in) and on the website of Karvy viz. <https://evoting.karvy.com>.
- 7) Equity Shareholders / Proxies / Authorised representative(s) may kindly note the following:
  - (i) Attendance Slip, sent herewith, is required to be produced at the venue duly filled-in and signed, for attending the Meeting;
  - (ii) Entry to the hall will be in exchange for duly completed and signed Attendance Slips;
  - (iii) In all correspondence with the Resulting Company and/or Karvy, please quote Folio No. or DP & Client Id No., as the case may be; and
  - (iv) Briefcase, bag and/or edibles shall not be allowed to be taken inside the hall for security reasons.
- 8) This notice is being dispatched to all Equity Shareholders of the Resulting Company whose names appear in the Register of Members of the Resulting Company as on January 18, 2019. However, the votes cast by the shareholders shall be reckoned and scrutinised for all modes with reference to the Register of Members as on March 1, 2019 being the cut-off date fixed for this purpose.

- 9) Karvy Fintech Private Limited ("Karvy") is the Registrar & Share Transfer Agent of the Resulting Company. All investor related communication may be addressed to Karvy at the following address:  
Karvy Fintech Private Limited  
Karvy Selenium Tower B, Plot No. 31 & 32  
Financial District,  
Nanakramguda, Serilingampally Mandal  
Hyderabad - 500 032  
Tel. : + 91-40-67162222  
Fax : + 91-40-23001153  
E-mail : einward.ris@karvy.com
- 10) In terms of the said Order dated January 4, 2019 of the Hon'ble Tribunal, Mr Ajay Kumar, practising Company Secretary (CP No.3433) has been appointed to act as Scrutinizer for the purpose of ascertaining the results of the voting.
- 11) The results of the voting on the resolution(s) set out in the Notice, will be announced on or before March 10, 2019. The results, together with the Scrutinizer's report, will be displayed on the Notice Board of Resulting Company at its registered office, on the website of the Resulting Company viz. www.hmvl.in and on Karvy's website viz. <https://evoting.karvy.com>, besides being communicated to BSE Limited and National Stock Exchange of India Limited.
- 12) Instructions and other information relating to remote E-voting:**
- (i) In case an Equity Shareholder of the Resulting Company ("Member") receives an email from Karvy [for Members whose email addresses are registered with the Company/Depository Participants(s)]:
- a) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
  - b) Enter the login credentials (i.e. user-id & password mentioned in the email. In case of physical folio, User ID will be EVEN (E-voting Event Number) followed by folio number. In case of Demat holding, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
  - c) After entering these details appropriately, click on "LOGIN".
  - d) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password should comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.,). The system will prompt you to change your password and update your contact details like mobile number, email address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
  - e) You need to login again with the new credentials.
  - f) On successful login, the system will prompt you to select the "EVEN" for Hindustan Media Ventures Limited.
  - g) On the voting page enter the number of shares (which represents the number of votes) as on the Cut-off Date under either "FOR" or "AGAINST" or alternatively, you may partially enter any number under "FOR" or partially "AGAINST" but the total number in "FOR"/"AGAINST" taken together should not exceed your total shareholding as on the cut-off Date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
  - h) Members holding shares under multiple folios/demat accounts shall choose the voting process separately for each of the folio/demat accounts.
  - i) Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item it will be treated as "ABSTAIN".
  - j) You may then cast your vote by selecting an appropriate option and click on "SUBMIT".



- k) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote.
- l) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter/ Power of Attorney, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail address: akumarassociate@yahoo.co.in with a copy marked to evoting@karvy.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_EVEN NO."
- (ii) In case of a member receiving physical copy of the Notice [for Members whose email addresses are not registered with the Company/ Depository Participant(s)]:
- EVEN, User ID and password are mentioned in a separate communication annexed to this Notice.
  - Please follow all steps from Sr. No. (a) to (l) as mentioned in (i) above, to cast your vote by electronic means.
- (iii) During the voting period, Members can login any number of times till they have voted on the Resolution(s). Once the vote on a resolution is cast by a Member, it cannot be changed subsequently.
- Members who have cast their vote through remote e-voting may attend the Meeting but shall not be allowed to vote again.
- (iv) A Member can opt for only single mode of voting i.e. through remote e-voting or voting at the Meeting. If a member casts votes by both modes then voting done through remote e-voting shall prevail and vote at the Meeting shall be treated as invalid.
- (v) In case of any query/ grievance, in respect of remote e-voting, Members may please refer to Help & FAQs and E-voting user manual available at the "Downloads" section of Karvy's website: <https://evoting.karvy.com> or contact Mr. G Ramesh Desai, Manager, Karvy Fintech Private Limited, Karvy Selenium Tower B, Plot No. 31-32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032 or at e-mail address: [evoting@karvy.com](mailto:evoting@karvy.com) or contact no. 040 – 6716 2222 or Karvy's toll free No. 1800-345-4001 (from 9:00 A.M. to 6:00 P.M.).
- (vi) You can update your mobile number and e-mail address in the user profile details of the folio which may be used for sending future communication(s).
- (vii) Voting rights of Members shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date i.e. March 1, 2019.
- (viii) Any person who becomes a Member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date for remote e-voting, may obtain the User ID and Password in the manner as mentioned below :
- If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS:  
MYEPWD <space> E-Voting Event Number + Folio No. or DP ID Client ID to +91-9212993399  
  
Example for NSDL: MYEPWD <SPACE> IN12345612345678  
  
Example for CDSL: MYEPWD <SPACE> 1402345612345678  
  
Example for Physical: MYEPWD <SPACE> XXXX1234567890
  - If e-mail address or mobile number of the member is registered against Folio No./ DPID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DPID Client ID and PAN to generate a new password.
  - Member may call Karvy's toll free number 1800-345-4001 (from 9.00 A.M. to 6.00 P.M).
  - Member may send an e-mail to [evoting@karvy.com](mailto:evoting@karvy.com) requesting User ID and Password. However, Karvy shall endeavor to send User ID and Password to those new Members whose mail ids are available.

**Before the National Company Law Tribunal  
Kolkata Bench  
Miscellaneous Application. No.1181/KB/2018  
Connected With  
Company Application No.755/KB/2018**

In the Matter of the Companies Act, 2013 - Section 230(1) read with Section 232(1)

And

In the Matter of :

Rule 11 of the National Company Law Tribunal Rules, 2016

And

In the Matter of :

Hindustan Media Ventures Limited, a Company incorporated under the provisions of the Companies Act, 1913 and being a Company within the meaning of the Companies Act, 2013 having Corporate Identification No. L21090BR 1918PLC000013 and its registered office at Budh Marg, Patna-800 001 in the State of Bihar.

. . . . Applicant

**Explanatory Statement under Section 230(3) read with 232(2) of the Companies Act, 2013**

**1. Meeting for the Scheme of Arrangement**

This is a Statement accompanying the Notice convening fresh Meeting of Equity Shareholders of Hindustan Media Ventures Limited, being the Applicant Company abovenamed ("Resulting Company") for the purpose of their consideration and if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement between India Education Services Private Limited, ("Demerged Company"), the said Resulting Company and their respective shareholders, whereby and whereunder it is proposed to reorganize and reconstruct the Demerged Company and the Resulting Company by demerging and vesting the Demerged Undertaking (B2C business of the Demerged Company) from the Demerged Company to the Resulting Company, in the manner and on the terms and conditions stated in the said Scheme of Arrangement. The salient features of the Scheme of Arrangement are given in paragraph 5 of this Statement. The detailed terms of the arrangement will appear from the enclosed draft of the Scheme.

**2. Date, time and venue of Meeting**

- 2.1 Pursuant to an order dated January 4, 2019 ("Order"), passed by the Hon'ble National Company Law Tribunal, Kolkata Bench ("Tribunal") in Miscellaneous Application No.1181/KB/2018 connected with Company Application No.755/KB of 2018, a fresh Meeting of the Equity Shareholders of the Resulting Company ("Meeting") will be held for the purpose of considering and if thought fit, approving, with or without modification(s), the said Scheme of Arrangement at the registered office of the Resulting Company at Budh Marg, Patna - 800 001 on Friday, March 8, 2019 at 2:00 p.m.
- 2.2 It is clarified that such fresh Meeting of the Equity Shareholders is being convened and held on March 8, 2019, as aforesaid, so as to give one more opportunity in terms of the said Order dated January 4, 2019 of the Hon'ble Tribunal to meet the requirement of approval of the Scheme by requisite majority of Shareholders, including requirement of approval of the Scheme by majority of public shareholders, as prescribed by paragraph I(A)9 of Annexure I of the SEBI Circular dated March 10, 2017, which could not be achieved at the previous meeting held on October 15, 2018.

**3. Rationale and benefits**

The circumstances which justify and/or have necessitated the said Scheme of Arrangement and the benefits of the same are, inter alia, as follows:-

- (a) The Demerged Company is engaged in 2 (two) distinct business lines namely, providing higher education courses to retail consumers i.e. Business to Consumers segment ("B2C") and providing corporate educational and management training facilities to its corporate customers i.e. Business to Business segment ("B2B").
- (b) The nature of risk and competition involved in each of the businesses is distinct. The B2B segment is primarily involved in corporate educational and management training business offering skill development programs in emerging fields including Business Analytics and Digital Marketing and others to employees of an organization. After understanding the needs of the organization, a customized training

program is designed for the participants of the said organization based on case studies and data-sets derived from the organization itself. The approach is to train the participants to work on actual business problems during the training program itself. The strategy adopted for this business is to bring in partners who are amongst the best in the world and to provide cutting-edge inputs that helps participants in preparing themselves for a long-term career in their chosen domain.

- (c) The B2C segment is engaged in providing relatively long term higher education services courses to students/professionals etc., that range from 3 months to 1 year in which prospects are taken through a rigorous training program that includes conceptual inputs; hands-on exercises; peer learning exercises; capstone projects; and inputs on interview handling and presentation skills for placement in reputed organizations based on their experience and goodness-of-fit to the hiring organization.
- (d) This necessitates vastly differing management approaches, sales strategies and focus. Moreover, the competitive dynamics of these businesses are also different, with the B2B segment servicing a global product portfolio and the B2C segment being a local consumption driven business.
- (e) Over the period of time, the Demerged Company has not been able to scale its B2C business and unleash its full potential for growth and profitability. On the other hand, the Resulting Company has a deep presence in Tier II and Tier III cities of North India, which offers a large customer base with favourable demographics for the growth of the business of the B2C business of Demerged Company. It is therefore, proposed to acquire the B2C business of the Demerged Company, by way of a demerger, to utilize the expertise and wide-spread reach of the Resulting Company in North India to turnaround the B2C business of the Demerged Company.
- (f) The proposed restructuring pursuant to the said Scheme is expected, inter alia, to result in following key benefits:-
  - (i) Expansion of the Demerged Undertaking in the rapidly expanding markets of North India, thereby creating greater value for the shareholders of the Resulting Company;
  - (ii) Augmenting the Demerged Undertaking with the financial resources of the Resulting Company;
  - (iii) Demerger and vesting of the Demerged Undertaking to and in the Resulting Company is a strategic fit for serving existing market and for catering to additional volume linked to new consumers;
  - (iv) The proposed demerger is in the interest of the shareholders, creditors, and other stakeholders of the Demerged Company and Resulting Company.

#### **4. Background of the Companies**

##### **A. Particulars of the Demerged Company**

- i. India Education Services Private Limited (the Demerged Company) was incorporated on the October 24, 2011 under the provisions of the Companies Act, 1956 as a company limited by shares. The Demerged Company is a public limited company within the meaning of the Companies Act, 2013 and its securities are not listed on any stock exchange. The Demerged Company is registered with the Registrar of Companies, National Capital Territory of Delhi & Haryana having CIN U80301DL2011PTC226705. The Registered office of the Demerged Company is situated at Hindustan Times House, Second Floor, 18-20 Kasturba Gandhi Marg, New Delhi - 110001. Its PAN with the Income Tax Department is AACCI7414H. The email address of the Demerged Company is [investor@hindustantimes.com](mailto:investor@hindustantimes.com) and website is [www.bridgesom.com](http://www.bridgesom.com). During the last five years, there has been no change in the name, object and registered office of the Demerged Company.
- ii. The main objects of the Demerged Company as contained in Clause III of the Memorandum of Association amongst others include undertaking and carrying on the business of providing all types of academic and non-academic services to educational institutions in India; dealing in and acquiring all kinds of movable and/or immovable properties, whether free-hold or leasehold, and/or any other right, interest or share attached thereof, for the purpose of setting up and/or operating universities, educational institutions, colleges, and/or other academic/ learning/vocational centres engaged in imparting education, by whatever name called, and to collect rent and income therefrom; provide financial support to universities, educational institutions, colleges, and/or other academic/learning/vocational centres engaged in imparting education, by whatever name called, in any manner whatsoever; develop, establish, acquire, own, operate, maintain and manage, either on its own or in collaboration with others, schools, colleges, study or vocational training centres, polytechnics, tutorial centres, schools, bureaus, websites, research laboratories and other academic/non-academic institutions; and seek accreditations/authorization for the purposes of setting up and/or operating universities, educational institutions, colleges, and/or other academic/learning/ vocational centres engaged in imparting education, by whatever name called.
- iii. The Demerged Company is engaged, inter alia, in the business of providing all types of academic and non-academic services including providing all kinds of academic, technical, administrative, infrastructure and management support to students, corporate, universities, educational institutions and colleges. The Demerged Company has two distinct lines of business being (1) providing higher education courses to retail consumers i.e. Business to Consumers segment ("B2C"); and (2) providing corporate educational and management training facilities to its corporate customer i.e. Business to Business segment ("B2B").

- iv. As on January 18, 2019 the Authorised Share Capital of the Demerged Company was Rs. 118,40,00,000 divided into 11,84,00,000 Equity Shares of Rs. 10 each.

The Issued, Subscribed and Paid up Share Capital of the Demerged Company prior to reduction thereof, as mentioned in the following paragraph, was Rs. 118,40,00,000 divided into 11,84,00,000 Equity Shares of Rs. 10 each fully paid up.

The Board of the Demerged Company on October 16, 2017, approved a separate scheme of reduction of share capital under the provisions of Section 66 and other applicable provisions of the Companies Act, 2013 between the Demerged Company and its shareholders for reduction of share capital by a sum of Rs. 116,40,00,000 by cancelling and extinguishing 11,64,00,000 fully paid-up equity shares of face value Rs. 10 each. Such reduction has since been confirmed by the Hon'ble Principal Bench of the National Company Law Tribunal by its order dated July 4, 2018 as corrected by an order dated July 18, 2018.

Accordingly, the issued, subscribed and fully paid-up share capital of the Demerged Company presently is Rs. 2,00,00,000 divided into 20,00,000 Equity Shares of Rs. 10 each fully paid up.

- v. The Demerged Company has prepared its audited financial statements for the period of six months ended on September 30, 2017. The Demerged Company has also adopted its annual audited accounts for the financial year ended on March 31, 2018. Further, the Demerged Company has since prepared its audited financial statements as on September 30, 2018, a copy whereof is included in Annexure "ES-1" attached hereto. The Demerged Company has not issued any debentures. Subsequent to the date of the aforesaid financial statements, i.e. September 30, 2018, there has been no substantial change in the financial position of the Demerged Company excepting those arising or resulting from the usual course of business.
- vi. The details of Directors and Promoter as on January 18, 2019 of the Demerged Company along with their addresses are mentioned herein below:

Sl. No.	Name	Category	Address
<b>Directors:</b>			
1.	Shri Dinesh Mittal	Non-Executive Director	228, III <sup>rd</sup> Floor, Jagriti Enclave, Delhi – 110092
2.	Shri Piyush Gupta	Non-Executive Director	G-111, Ashok Vihar Phase-1, Opp.Lions Public School, Delhi – 110052
3.	Shri Sanjay Malhotra	Independent Director	C-91, Sector -44, Noida-201301
4.	Shri Rajan Bhalla	Non-Executive Director	1402, Tower F, The IVY DLF Phase-4, Gurgaon-122002
<b>Promoter:</b>			
1.	HT Media Limited	[ Body Corporate ]	18-20, Kasturba Gandhi Marg, New Delhi – 110001

- vii. The Abridged Prospectus as provided in Part E of Schedule VI of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 containing applicable information pertaining to the Demerged Company is attached as Annexure "ES-2" hereto.

#### **B. Particulars of the Applicant Company (the Resulting Company)**

- i) The Resulting Company was incorporated on the July 9, 1918 under the provisions of the Companies Act, 1913 by the name and style of "The Behar Journals Limited". The name of the Resulting Company has changed over the years. With effect from November 11, 2008, the name of the Resulting Company has changed to its present one i.e., "Hindustan Media Ventures Limited ". The Resulting Company is a public company within the meaning of the Companies Act, 2013. The Resulting Company, is registered with Registrar of Companies, Bihar having CIN L21090BR1918PLC000013. The Registered office of the Resulting Company is situated at Budh Marg, Patna - 800001. Its PAN with the Income Tax Department is AAGCS0920E. The email address of the Resulting Company is hmvlinvestor@livehindustan.com and website is www.hmvl.in. During the last five years, there has been no change in the name and registered office of the Resulting Company. The equity shares of the Resulting Company are listed on the BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE).

- ii. The main objects of the Resulting Company are contained in Clause III of its Memorandum of Association and were amended by special resolution of the Resulting Company adopted on January 14, 2018 to include, inter alia, the business of publishing and dealing in newspapers and periodicals; manufacturing and dealing in paper and paper boards; providing managerial, consulting and/or advisory services; and establishing, developing, and/or running coaching classes, training centers, schools, colleges, universities, bureaus, websites, research laboratories and other academic/non-academic institutions. There has been no other change in the main objects of the Resulting Company in the last five years.

Accordingly, the main objects of the Resulting Company in Clause III of the Memorandum of Association, amongst others, now include undertaking and carrying on the business of printing, publishing, conducting for sale or dealing in, one or more newspapers, periodicals, magazines, books, pamphlets etc., either daily or otherwise, in English, Hindi or any other language; generally carrying on the business of printers, in all forms; engaging in the business of dissemination of news, knowledge and information of general interest, across the globe, through web-page design, creation, hosting and any business relating to the Internet or e-mail, networking and communication environments; manufacturing, producing, exhibiting, distributing, buying and selling, assigning, licencing, telecasting, broadcasting news and current affairs, television films, commercial films, video films, video magazines and to engage in other similar activities related thereto; carrying on in India and elsewhere the business to produce, promote, manage, project, procure or acquire rights, participate, manufacture, process, prepare, alter, develop, expose, edit, exhibit, broadcast, transmit, make, remake, display, print, reprint, convert, duplicate, finish, buy, sell, run, import, export and deal in any manner, to act as broker, agent, distributor, proprietor, organizers, promoters, sponsors, copyright owners, audio & video right owners, media partners and media advisors of all kinds of live and recorded sports, entertainment events, news & current affair events, pageants, concerts, shows, exhibitions, premiers in all languages in India or elsewhere; carrying on business as advertising agent, purchasing and selling advertising time or space on any media; provide, managerial, consulting and/or advisory based services; and establishing, purchasing, acquiring, operating, managing, maintaining, developing, and/or running, either on its own, or in collaboration with others, coaching classes, training centers, schools, colleges, universities, bureaus, websites, research laboratories and other academic/non-academic institutions for imparting primary, secondary and higher level education, in all disciplines of arts, science, commerce, engineering, medicine, para-medical, management, computers, management and information technology, in and outside India, by way of oral, written, correspondence teleconferencing and online courses.

- iii. The Resulting Company is engaged, inter alia, in the business of publishing 'Hindustan', a Hindi daily, and two monthly Hindi magazines 'Nandan' and 'Kadambani'.
- iv. As on January 18, 2019 the Authorised Share Capital of the Resulting Company was Rs. 87,00,00,000 divided into 870,00,000 equity shares of Rs. 10 each. The Issued, Subscribed and Paid up Share Capital of the Resulting Company is Rs. 73,39,37,700 divided into 733,93,770 equity shares of Rs. 10 each fully paid up.
- v. The Resulting Company has published its financial results for the period of six months ended on September 30, 2017, including statement of assets and liabilities as on the said date, in the format prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). The latest annual accounts of the Resulting Company has been audited for the financial year ended on March 31, 2018. The Resulting Company has since prepared its financial statements (unaudited) as on September 30, 2018, a copy whereof is included in Annexure "ES-1" attached hereto. The Resulting Company has also published its financial results for the period of six months ended on September 30, 2018, including statement of assets and liabilities as on the said date, in the format prescribed under the Listing Regulations. Subsequent to the date of the aforesaid financial statements, i.e., September 30, 2018, there has been no substantial change in the financial position of the Resulting Company excepting those arising or resulting from the usual course of business.

- vi. The details of Directors and Promoter, as on January 18, 2019 of the Resulting Company along with their addresses are mentioned herein below:

Sl. No.	Name	Category	Address
<b>Directors:</b>			
1.	Smt. Shobhana Bhartia	Non-Executive Director	19, Friends Colony (West), Delhi – 110065
2.	Shri Piyush Gunwantrao Mankad	Independent Director	P-161, ATS Green Village, Express Highway, Sector – 93A, Noida – 201304
3.	Shri Ajay Relan	Independent Director	191, Golf Links, New Delhi – 110003
4.	Shri Ashwani Windlass	Independent Director	N - 53, Panchshila Park, New Delhi – 110017
5.	Shri Shardul Suresh Shroff	Independent Director	S- 270, Greater Kailash, Part – III, New Delhi – 110048
6.	Dr. Mukesh Aghi	Independent Director	36 Poorvi Marg, 2nd Floor, Vasant Vihar, New Delhi-110057
7.	Shri Priyavrat Bhartia	Non-Executive Director	19, Friends Colony (West), Delhi – 110065
8.	Shri Shamit Bhartia	Managing Director	19, Friends Colony (West), Delhi – 110065
9.	Shri Praveen Someshwar	Managing Director	1002A, The Magnolias, Golf Course Road, DLF Golf Links DLF City V, Gurgaon -122009
<b>Promoter:</b>			
1.	HT Media Limited	Body Corporate	18-20, Kasturba Gandhi Marg, New Delhi-110001

## 5. SALIENT FEATURES OF THE SCHEME

The salient features of the Scheme are, inter alia, as follows:-

- (a) The Scheme shall be effective from the Appointed Date, i.e. October 1, 2017.
- (b) The Scheme is subject to the following Conditions Precedent being complied with:
  - (i) Obtaining no-objection/ observation letter from the Stock Exchanges in relation to the Scheme under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (ii) Approval of the Scheme by the requisite majority of shareholders of the Demerged Company and the Resulting Company and such other classes of persons of the said companies, if any, as applicable or as may be required under the Companies Act, 2013 ("Act") and as may be directed by the Tribunal;
  - (iii) The Parties, as the case may be, complying with other provisions of the SEBI Circular dated March 10, 2017, including seeking approval of the shareholders of the Resulting Company through e-voting, as applicable. The Scheme shall be acted upon only if the votes cast by the public shareholders of the Resulting Company in favour of the proposal are more than the number of votes cast by the public shareholders, against it as required under the SEBI Circular. The term 'public' shall carry the same meaning as defined under Rule 2 of Securities Contracts (Regulation) Rules, 1957;
  - (iv) The sanctions and orders of the Tribunals, under Sections 230 to 232 of the Companies Act, 2013 (hereinafter referred to as "the Act") being obtained by the Demerged Company and the Resulting Company;
  - (v) Certified/ authenticated copies of the orders of the Tribunal sanctioning the Scheme, being filed with the concerned RoC having jurisdiction over the Parties; and
  - (vi) The requisite consent, approval or permission of the Appropriate Authority or any other Person, which by Applicable Law or contract, agreement, may be necessary for the effective transfer and vesting of Demerged Undertaking and/or implementation of the Scheme.
- (c) Accordingly, the Scheme though effective from the Appointed Date, shall become operative on the Effective Date, being the day on which the last of the aforesaid Conditions Precedent are complied with. Reference in the Scheme to the date of "coming into effect of this Scheme" or "effectiveness of this Scheme" shall mean the Effective Date.

- (d) Therefore, for all regulatory and tax purposes, the Scheme would be effective from the Appointed Date. Notwithstanding the above, the accounting treatment to be adopted to give effect to the provisions of the Scheme would be in consonance with Indian Accounting Standards and the mere adoption of such accounting treatment will not in any manner affect the vesting of the Demerged Undertaking from the Appointed Date.
- (e) It is clarified that submission of the said Scheme to the Tribunals and to the Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, titles or defences that the Demerged Company, the Resulting Company may have under or pursuant to all Applicable Laws.
- (f) On the approval of the said Scheme by the shareholders of the Demerged Company and the Resulting Company and such other classes of Persons of the said Parties, if any, such shareholders and classes of Persons shall also be deemed to have resolved and accorded all relevant consents under the Act or otherwise to the same extent applicable in relation to the demerger set out in the said Scheme, related matters and the said Scheme itself.
- (g) Immediately upon the Scheme becoming effective and with effect from the opening business hours of the Appointed Date and subject to the provisions of the said Scheme and pursuant to Sections 230 to 232 of the Act and Section 2(19AA) of the Income-tax Act, 1961, the Demerged Undertaking along with all its assets, liabilities, investments, contracts, arrangements, employees, Permits, licences, records, approvals, etc. shall, without any further act, instrument or deed, be demerged from the Demerged Company and transferred to and be vested in or be deemed to have been vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, the assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. of the Resulting Company by virtue of, and in the manner provided in the said Scheme.
- (h) All contracts, deeds, bonds, agreements, arrangements and other instruments, in relation to the Demerged Undertaking, to which the Demerged Company is a party and which is subsisting or having effect on or immediately before the Appointed Date shall remain in full force and effect against or in favour of the Resulting Company and shall be binding on and be enforceable by and against the Resulting Company as fully and effectually as if the Resulting Company had at all material times been a party or beneficiary or obligee thereto. The Resulting Company may, if required, enter into a novation agreement in relation to such contracts, deeds, bonds, agreements, arrangements and other instruments. Without prejudice to the other provisions of the said Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of the said Scheme, the Resulting Company may, at any time after the coming into effect of the said Scheme, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or arrangements with any party/parties to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give effect to the provisions of the said Scheme. With effect from the Appointed Date, the Resulting Company shall, under the provisions of the said Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company. On and from the Effective Date, and thereafter, the Resulting Company shall be entitled to enforce all pending contracts and transactions and issue credit notes in respect of the Demerged Company, in relation to or in connection with the Demerged Undertaking, in the name of the Resulting Company in so far as may be necessary until the transfer of rights and obligations of the Demerged Undertaking to the Resulting Company under the said Scheme have been given effect to under such contracts and transactions.
- (i) If the Demerged Company is entitled to any unutilized credits (including balances or advances), benefit of carried forward tax business losses till the Appointed Date, unabsorbed depreciation till the Appointed Date and other statutory benefits, including in respect of income tax (including tax deducted at source, tax collected at source, advance tax, etc.), cenvat, customs, value added tax, sales tax, service tax, goods and service tax etc. relating to the Demerged Undertaking, benefits under the incentive schemes and policies including tax holiday or concessions, up to the Appointed Date, relating to the Demerged Undertaking under any Tax Laws or Applicable Laws, the Resulting Company shall be entitled as an integral part of the Scheme to claim such benefit or incentives or unutilised credits as the case may be without any specific approval or permission.
- (j) Upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.

- (k) With effect from the Effective Date, the Resulting Company undertakes to engage all the employees of the Demerged Company, engaged in or in relation to the Demerged Undertaking, on the same terms and conditions on which they are engaged by the Demerged Company without any interruption of service as a result of transfer of the Demerged Undertaking to the Resulting Company. The Resulting Company agrees that the services of all such employees with the Demerged Company prior to the demerger shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits and to this effect the accumulated balances, if any, standing to the credit of the employees in the existing provident fund, gratuity fund and superannuation fund of which they are members will be transferred to such provident fund, gratuity fund and superannuation funds nominated by the Resulting Company and/ or such new provident fund, gratuity fund and superannuation fund to be established and caused to be recognized by the Appropriate Authorities, by the Resulting Company, or to the government provident fund in relation to the employees of the Demerged Company who are not eligible to become members of the provident fund maintained by the Resulting Company. Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund dues, as may be applicable, of the employees would be continued to be deposited in the existing provident fund, gratuity fund and superannuation fund respectively of the Demerged Company.
- (l) Upon the coming into effect of the said Scheme, proceedings relating to the Demerged Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of the said Scheme or by anything contained in the said Scheme but shall be continued and be enforced by or against the Resulting Company with effect from the Effective Date in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. The Resulting Company: (a) shall be replaced/added as party to such proceedings relating to the Demerged Undertaking; and (b) shall prosecute or defend such proceedings at its own cost and the liability of the Demerged Company shall consequently stand nullified. It is clarified that the Demerged Company shall in no event be responsible or liable in relation to any proceedings relating to the Demerged Undertaking that stand transferred to the Resulting Company.
- (m) After effectiveness of the Scheme and in consideration of and subject to the provisions of the said Scheme, Resulting Company shall, without any further application, act, deed, consent, instrument, issue and allot, to each shareholder of the Demerged Company whose name is recorded in the register of members of the Demerged Company on the Record Date, in the following proportion:
- “10 (Ten) fully paid up equity shares of Rs. 10 (Indian Rupees Ten) each of the Resulting Company shall be issued and allotted for every 72 (Seventy- Two) equity shares of Rs. 10 (Indian Rupees Ten) each held in the Demerged Company.” (“New Equity Shares”).*
- (n) The equity shares of the Resulting Company to be issued and allotted as provided in the said Scheme shall be subject to the provisions of the memorandum of association and articles of association of Resulting Company, as the case may be, and shall rank pari passu in all respects with the existing equity shares of Resulting Company, as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached thereto.
- (o) In case any shareholder's shareholding in the Demerged Company is such that such shareholder becomes entitled to a fraction of an equity share of Resulting Company, as the case may be, Resulting Company shall not issue fractional share certificate to such shareholder but shall consolidate such fractions and round up the aggregate of such fractions to the next whole number and issue and allot the consolidated shares directly to a trustee(s) nominated by the Board of the Resulting Company in that behalf, who shall sell such shares in the market at such price or prices and on such time or times as the trustee(s) may in its sole discretion decide and on such sale, shall pay to Resulting Company, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon Resulting Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Demerged Company in proportion to their respective fractional entitlements.
- (p) The New Equity Shares issued shall be in dematerialized form unless otherwise notified in writing by a shareholder of the Demerged Company to Resulting Company on or before such date as may be determined by the Board of Demerged Company. In the event that such notice has not been received by Resulting Company in respect of any of the shareholders of Demerged Company, the equity shares, shall be issued to such shareholders in dematerialized form provided that the shareholders of Demerged Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that Resulting Company has received notice from any shareholder that the equity shares are to be issued in physical form or if any shareholder has not provided the requisite details relating to his/ her/ its account with a depository participant or other confirmations as may be required or if the details furnished by any shareholder do not permit electronic credit of the shares of Resulting Company, then Resulting Company shall issue the equity shares in physical form to such shareholder or shareholders.



- (q) Resulting Company shall apply for listing of its equity shares on the Stock Exchanges in terms of and in compliance of the SEBI Circular and other relevant provisions as may be applicable. The New Equity Shares allotted by the Resulting Company in terms of the Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchanges.
- (r) In the event that the Parties restructure their equity share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the share exchange ratio in terms of the Scheme, shall be adjusted accordingly to take into account the effect of any such corporate actions.
- (s) On effectiveness of the Scheme and with effect from the appointed date, the Demerged Company shall account for demerger of the Demerged Undertaking in its books of account in accordance with the applicable Indian Accounting Standard (IND AS) prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015 and generally accepted accounting principles, as may be amended from time to time, as under:
- i. All the assets and liabilities of the Demerged Company being transferred shall be reduced at their book value as on the Appointed date (after taking into account the impact of capital reduction under "Scheme of reduction of share capital between the Demerged Company and its shareholders").
  - ii. The difference between the book value of assets and liabilities of the Demerged Undertaking as on the Appointed Date shall be transferred to retained earnings.
  - iii. If considered appropriate for compliance with accounting standards, the Demerged Company may make suitable adjustment to the accounting treatment and adjust the effect thereof in the manner determined by the Board of the Demerged Company.
- (t) On effectiveness of the Scheme, since the transaction involves entities which are ultimately controlled by the same party before and after the transaction, the Resulting Company shall account for demerger of the Demerged Undertaking in its books of account in accordance with Appendix C 'Business combinations of entities under common control' of the Indian Accounting Standard (Ind AS) 103 for Business Combination prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015 and generally accepted accounting principles, as may be amended from time to time, as under:
- i. The Resulting Company shall, record the assets and liabilities of the Demerged Undertaking vested in it pursuant to the Scheme at the respective carrying amounts appearing in the books of the Demerged Company.
  - ii. The Resulting Company shall credit its share capital account with the aggregate face value of the new equity shares issued by it to the equity shareholders of the Demerged Company pursuant to the provisions of said Scheme.
  - iii. The difference between the carrying amount of the assets and liabilities as recorded in the said Scheme, and the share capital credited with aggregate face value of the new equity shares as recorded in terms of the said Scheme, shall be recorded as Capital Reserve.
  - iv. If considered appropriate for the purpose of application of uniform accounting policies and method or for compliance with the applicable Accounting Standards, the Resulting Company may make suitable adjustment and adjust the effect thereof in the manner determined by the Board of the Resulting Company
- (u) Upon coming into effect of the Scheme Rs. 115,40,00,000 shall stand transferred from the authorised capital of the Demerged Company and get combined with the authorised capital of the Resulting Company. Accordingly, Clause V of the Memorandum of Association of the Resulting Company shall automatically stand amended so as to read as under:
- "The Authorised Share Capital of the Company is Rs. 202,40,00,000 (Rupees Two Hundred and Two Crore Forty Lakhs) divided into 20,24,00,000 (Twenty Crore Twenty-Four Lakh) equity shares of Rs. 10/- (Rupees Ten) each with power to classify or reclassify, increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or condition as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company and the legislative provisions for the time being in force."*
- (v) The Remaining Business and all the assets, investments, liabilities and obligations of the Demerged Company, shall continue to belong to and be vested in and be managed by the Demerged Company.

- (w) The Demerged Company and/ or the Resulting Company shall be entitled to declare and pay dividends to their respective shareholders in respect of the accounting period ending March 31, 2018 and such future accounting periods at the discretion of the Board of the Demerged Company and/ or the Resulting Company as the case may be, in accordance with the past practices and in ordinary course of business.
- (x) It is clarified that the aforesaid provisions in respect of declaration of dividends (whether interim or final) are enabling provisions only and shall not be deemed to confer any right on any shareholder of the Demerged Company and/ or the Resulting Company to demand or claim or be entitled to any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the Board of the Demerged Company and/ or the Resulting Company as the case may be, and subject to approval, if required, of the shareholders of the Demerged Company and/ or the Resulting Company as the case may be.
- (y) With effect from the Appointed Date and up to and including the Effective Date:
- i. the Demerged Company (with respect to the Demerged Undertaking) shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the assets for and on account of, and in trust for the Resulting Company;
  - ii. all profits or income arising or accruing to the Demerged Company with respect to the Demerged Undertaking and all taxes paid thereon (including but not limited to advance tax, tax deducted at source, minimum alternate tax, dividend distribution tax, securities transaction tax, taxes withheld/ paid in a foreign country, etc.) or losses arising or incurred by the Resulting Company with respect to the Demerged Undertaking shall, for all purposes, be treated as and deemed to be the profits or income, taxes or losses, as the case may be, of the Resulting Company;
  - iii. all loans raised and all liabilities and obligations incurred by the Demerged Company with respect to the Demerged Undertaking after the Appointed Date and prior to the Effective Date, shall subject to the terms of the said Scheme, be deemed to have been raised, used or incurred for and on behalf of the Resulting Company as the case may be and to the extent they are outstanding on the Effective Date, shall also, without any further act or deed be and be deemed to become the debts, liabilities, duties and obligations of the Resulting Company;
  - iv. The Demerged Company with respect to the Demerged Undertaking shall carry on their business with reasonable diligence and business prudence and in the same manner as it had been doing hitherto, and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for themselves or on behalf of its respective affiliates or associates or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal in any of its properties/assets, except:
    - a. when the same is expressly provided in the said Scheme; or
    - b. when the same is in the ordinary course of business as carried on, as on the date of filing of the said Scheme in the Tribunal; or
    - c. when written consent of the Resulting Company, as the case may be, has been obtained in this regard;
  - v. The Demerged Company with respect to Demerged Undertaking shall not alter or substantially expand its business, or undertake (i) any material decision in relation to its business and affairs and operations other than that in the ordinary course of business; (ii) any agreement or transaction (other than an agreement or transaction in the ordinary course of business); and (iii) any new business, or discontinue any existing business or change the capacity of facilities other than that in the ordinary course of business, except with the written concurrence of the Resulting Company;
  - vi. The Demerged Company with respect to Demerged Undertaking shall not vary the terms and conditions of employment of any of its employees, except in the ordinary course of business or pursuant to any pre-existing obligation undertaken except with the written concurrence of the Resulting Company; and
  - vii. From the date of filing of the said Scheme with the Tribunal and up to and including the Effective Date, the Demerged Company and the Resulting Company shall, unless expressly prohibited under the said Scheme, carry on their respective business in ordinary course and shall also be, inter alia, permitted to alter its share capital in any manner including any sub-division of shares, change in the constitutional documents including the objects or name of the company, any issue of shares or other securities, acquisition and/ or restructuring with the approval of their respective Board any other activity or business as may be deemed necessary or expedient in the opinion of the Board.

- (z) The Demerged Company and the Resulting Company by their respective Board ("Board", which term shall include Committee thereof), acting themselves or through authorized persons, may consent jointly but not individually, on behalf of all persons concerned, to any modifications or amendments of the said Scheme at any time and for any reason whatsoever, or to any conditions or limitations that the Tribunal or any other Appropriate Authority may deem fit to direct or impose (including change of the Appointed Date) or which may otherwise be considered necessary, desirable or appropriate by all of them (i.e. the Boards of the Demerged Company and the Resulting Company) and solve all difficulties that may arise for carrying out the said Scheme and do all acts, deeds and things necessary for putting the said Scheme into effect. For the purpose of giving effect to the said Scheme or to any modification thereof the Boards of the Demerged Company and the Resulting Company acting themselves or through authorized persons may jointly but not individually, give and are jointly authorised to give such directions including directions for settling any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in the said Scheme

**Note: The above details are the salient features of the Scheme. The shareholders are requested to read the entire text of the Scheme annexed hereto to get fully acquainted with the provisions thereof.**

## 6. Relationship subsisting between Parties to the Scheme

The Resulting Company and Demerged Company are fellow subsidiaries.

## 7. Board approvals

- i. The Board of Directors of the Demerged Company at its Board Meeting held on October 16, 2017, by way of resolution passed unanimously approved the Scheme, as detailed below :

Name of Director	Voted in favour / against / did not participate or vote
Shri Rajiv Verma	Voted in favour
Shri Dinesh Mittal	Voted in favour
Shri Piyush Gupta	Voted in favour

- ii. The Board of Directors of the Resulting Company at its Board Meeting held on October 16, 2017, by resolution passed unanimously approved the Scheme, as detailed below :

Name of Director	Voted in favour / against / did not participate or vote
Smt. Shobhana Bhartia	Voted in favour
Shri Ashwani Windlass	Voted in favour
Shri Ajay Relan	Voted in favour
Shri Piyush Gunwantra Mankad	Voted in favour
Shri Shardul Suresh Shroff	Voted in favour
Dr. Mukesh Aghi	Not Present
Shri Shamit Bhartia	Voted in favour
Shri Priyavrat Bhartia	Not Present
Shri Benoy Roychowdhury	Voted in favour

## 8. Interest of Directors, Key Managerial Personnel and their relatives and Debenture Trustees

The shareholdings of the Directors and Key Managerial Personnel ("KMP") of the Demerged Company and the Resulting Company and their relatives is set out in Annexure "ES-3" attached herewith. None of the Directors and KMPs of the said companies and their relatives have any concern or interest in the Scheme of Arrangement excepting as shareholders in general. The effect of the Scheme on such shareholding(s) is in no way different from the effect of the Scheme on the shareholding of other shareholders of the said Companies.

## 9. Effect of Scheme on stakeholders.

The effect of the Scheme on various stakeholders is summarised below:-

### A. Shareholders, Key Managerial Personnel, Promoter and Non-Promoter Shareholders

The effect of the Scheme on the Shareholders, Key Managerial Personnel, Promoter and Non-Promoter Shareholders of the Demerged Company and the Resulting Company is given in the attached reports (Annexure "ES-4") adopted by the respective Board of Directors of the said companies at their meetings held on October 16, 2017 pursuant to the provisions of Section 232(2)(c) of the Companies Act, 2013.

### B. Directors

- i. The Scheme will have no effect on the office of existing Directors of the Demerged Company and the Resulting Company (hereinafter collectively referred to as the Companies). The Directors of the Demerged Company and the Resulting Company will continue to be Directors of the respective companies as before. It is clarified that following the Scheme, the composition of the Board of Directors of the Companies may change by appointments, retirements or resignations in accordance with the provisions of the Companies Act, 2013 and Memorandum and Articles of Association of the companies, but the Scheme itself does not affect the office of Directors of the companies.
- ii. The effect of the Scheme on Directors of the Demerged Company and the Resulting Company in their capacity as shareholders of the said companies, if any, is the same as in case of other shareholders of the said companies, as mentioned in the aforesaid reports attached herewith as Annexures "ES-4" hereto.

### C. Employees

- i. Employees engaged in the Demerged Undertaking of the Demerged Company will cease to be employees of the Demerged Company and become employees of the Resulting Company on the same terms and conditions, as before. Other employees of the Demerged Company will continue to be employees of the Demerged Company, on the same terms and conditions of employment, as before.
- ii. The Scheme will have no effect on the existing employees of the Resulting Company.

### D. Creditors

- i. Creditors relating to the Demerged Undertaking of the Demerged Company will cease to be creditors of Demerged Company and become creditors of the Resulting Company on the same terms and conditions, as before. Other creditors of Demerged Company will continue to be creditors of Demerged Company on the same terms and conditions, as before.
- ii. The effect of the Scheme on creditors generally is further discussed in paragraph 11 below.

### E. Debenture holders and Debenture Trustees

The Demerged Company or the Resulting Company have not raised funds by way of debentures and thus, have no Debenture holders or Debenture Trustees.

### F. Depositors and Deposit Trustees

The Demerged Company or the Resulting Company have not taken term deposits from depositors. No deposit trustees have been appointed.

There will be no adverse effect on account of the Scheme on the aforesaid stakeholders. The Scheme is proposed to the advantage of all concerned, including the said stakeholders.

## 10. No investigation proceedings

There are no proceedings pending under Sections 210 to 227 of the Companies Act, 2013 against the Demerged Company and/or the Resulting Company.

## 11. Amounts due to unsecured creditors

- i. The respective aggregate amounts due to unsecured creditors of Resulting Company and Demerged Company, as on September 30, 2018 are as follows:-

SI. No.	Name of Company	Amount
1.	India Education Services Private Limited	Rs. 25.27 Crore
2.	Hindustan Media Ventures Limited	Rs. 274.19 Crore

- ii. The Scheme embodies the arrangement between the Demerged Company and the Resulting Company and their respective shareholders. No change in value or terms or any compromise or arrangement is proposed under the Scheme with any of the creditors of the Demerged Company and the Resulting Company. The Scheme does not involve any debt restructuring and therefore the requirement to disclose details of debt restructuring is not applicable.

## 12. Summary of Valuation report and Fairness Opinion

- i. The fair equity share entitlement ratio in consideration for the demerger has been fixed on a fair and reasonable basis and on the basis of the Valuation Report of M/s SSPA & Co, Chartered Accountants.
- ii. The said valuers used the "Income" approach and the "Market" approach to arrive at relative fair value of shares of the Resulting Company and of the Demerged Undertaking of the Demerged Company as summarized in the table below:

Valuation Approach	Resulting Company		Demerged Undertaking of Demerged Company	
	Value per share (Rs.)	Weight	Value per share (Rs.)	Weight
Underlying Assets(*)	166.04	0	(34.64)	0
Income	317.95	1	41.67	1
Market	270.97	1	40.25	1
Relative Value Per Share	294.46		40.96	
Entitlement Ratio (Rounded off)			7.20	

(\*) 'Underlying Approach' was not adopted but book value per share was computed as per the latest available financials for information purpose only, as required by BSE Limited and National Stock Exchange of India Limited vide their Circular No. LIST/COMP/02/2017-18 dated May 29, 2017 and NSE/CML/2017/12 dated June 01, 2017 respectively.

- iii. Based, inter alia, on the aforesaid, the said valuer has recommended the share entitlement ratio as follows:-
- 10 (Ten) Equity Shares of Resulting Company of Rs. 10 each fully paid up for every 72 (Seventy Two) Equity Shares of the Demerged Company of Rs. 10 each fully paid (post Capital Reduction)
- iv. Further details of the valuation will appear from the Valuation Report dated October 16, 2017 of M/s SSPA & Co, Chartered Accountants on the fair equity share entitlement ratio, which is attached to this explanatory statement as Annexure "ES-5"
- iv. M/s Fortress Capital Management Services Private Limited, independent Merchant Bankers, have also confirmed that the entitlement ratio is fair and proper by their fairness opinion which is annexed to this explanatory statement as Annexure "ES-6". The said merchant banker concluded as follows :

*"6.2 On the basis of the foregoing and based on the information and explanation provided to us, in our opinion, the share exchange ratio of 10 (Ten) Equity Share of HMVL of Rs. 10 each fully paid up for every 72 (Seventy Two) Equity Share of IESPL of Rs. 10 each fully paid up (post the proposed Capital Reduction) recommended by Valuer is fair and reasonable."*

### 13. Shareholding pattern

A. The pre-Arrangement shareholding pattern of the Demerged Company and the pre/post-Arrangement shareholding pattern of the Resulting Company is given in the table below. There will be no change in the shareholding pattern of the Demerged Company consequent to the Scheme.

	Category	Pre Scheme Demerged Company (As on 18.01.2019)		Pre Scheme Resulting Company (As on 18.01.2019)		Post Scheme Resulting Company (Expected)	
		No of shares	%	No of shares	%	No of shares	%
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group:</b>						
<b>(1)</b>	<b>Indian</b>						
(a)	Individuals/Hindu undivided Family	6*	0.00	0	0.00	0	0.00
(b)	Central Government/State Government(s)	0	0.00	0	0.00	0	0.00
(c)	Financial Institutions/ Banks	0	0.00	0	0.00	0	0.00
(d)	Any Other (specify):						
	Bodies Corporate	1,979,994	99.00	54,533,458	74.30	54,808,457	74.40
	<b>Sub-Total (A)(1)</b>	<b>1,980,000</b>	<b>99.00</b>	<b>54,533,458</b>	<b>74.30</b>	<b>54,808,457</b>	<b>74.40</b>
<b>(2)</b>	<b>Foreign</b>						
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	0	0.00	0	0.00	0	0.00
(b)	Government	0	0.00	0	0.00	0	0.00
(c)	Institutions	0	0.00	0	0.00	0	0.00
(d)	Foreign Portfolio Investor	0	0.00	0	0.00	0	0.00
(e)	Any Other (specify)	0	0.00	0	0.00	0	0.00
	<b>Sub-Total (A)(2)</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>1,980,000</b>	<b>99.00</b>	<b>54,533,458</b>	<b>74.30</b>	<b>54,808,457</b>	<b>74.40</b>
<b>(B)</b>	<b>Public Shareholding:</b>						
<b>(1)</b>	<b>Institutions</b>						
(a)	Mutual Funds	0	0.00	627,755	0.86	627,755	0.85
(b)	Venture Capital Funds	0	0.00	0	0.00	0	0.00
(c)	Alternate Investment Funds	0	0.00	0	0.00	0	0.00
(d)	Foreign Venture Capital Investors	0	0.00	0	0.00	0	0.00
(e)	Foreign Portfolio Investors	0	0.00	10,952,497	14.92	10,952,497	14.87
(f)	Financial Institutions / Banks	0	0.00	131,580	0.18	131,580	0.18
(g)	Insurance Companies	0	0.00	0	0.00	0	0.00

	Category	Pre Scheme Demerged Company (As on 18.01.2019)		Pre Scheme Resulting Company (As on 18.01.2019)		Post Scheme Resulting Company (Expected)	
		No of Shares	%	No of shares	%	No of shares	%
(h)	Provident Funds / Pension Funds	0	0.00	0	0.00	0	0.00
(i)	Any Other (specify)	0	0.00	0	0.00	0	0.00
	Foreign Institutional Investors	0	0.00	0	0.00	0	0.00
	<b>Sub Total (B)(1)</b>	<b>0</b>	<b>0.00</b>	<b>11,711,832</b>	<b>15.96</b>	<b>11,711,832</b>	<b>15.90</b>
<b>(2)</b>	<b>Central Government / State Government(s) / President of India</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
	<b>Sub Total (B)(2)</b>	<b>0</b>	<b>0.00</b>	<b>00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
<b>(3)</b>	<b>Non-Institutions</b>						
(a)	Individuals						
	i. Individual shareholders holding nominal share capital upto Rs2 lakhs	0	0.00	3,783,783	5.16	3,783,785	5.14
	ii. Individual shareholders holding nominal share capital in excess of Rs.2 lakhs	0	0.00	672,054	0.92	672,054	0.91
(b)	NBFCs registered with RBI	0	0.00	0	0.00	0	0.00
(c)	Employee Trusts	0	0.00	0	0.00	0	0.00
(d)	Overseas Depositories (holding DRs) (balancing figure)	0	0.00	0	0.00	0	0.00
(e)	Any Other (specify)						
	Bodies Corporate	0	0.00	1,956,617	2.67	1,956,617	2.66
	Overseas Corporate Bodies	0	0.00	0	0.00	0	0.00
	Non Resident Individual	0	0.00	422,720	0.58	422,720	0.57
	Clearing Member	0	0.00	18,886	0.03	18,886	0.03
	HUF	0	0.00	0	0.00	0	0.00
	Foreign Body Corporate	20,000	1.00	0	0.00	2,777	0.00
	Domestic Corporate Unclaimed Shares Account	0	0.00	0	0.00	0	0.00
	Trusts	0	0.00	0	0.00	0	0.00
	Foreign Portfolio Investors	0	0.00	0	0.00	0	0.00
	Custodian	0	0.00	0	0.00	0	0.00
	IEPF	0	0.00	64,234	0.09	64,234	0.09
	<b>Sub Total (B)(3)</b>	<b>20,000</b>	<b>1.00</b>	<b>6,918,294</b>	<b>9.43</b>	<b>6,921,073</b>	<b>9.39</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)</b>	<b>20,000</b>	<b>1.00</b>	<b>18,630,126</b>	<b>25.38</b>	<b>18,632,905</b>	<b>25.29</b>

	Category	Pre Scheme Demerged Company (As on 18.01.2019)		Pre Scheme Resulting Company (As on 18.01.2019)		Post Scheme Resulting Company (Expected)	
		No of shares	%	No of shares	%	No of shares	%
(C)	<b>Shareholding of Non Promoter - Non Public shareholder:</b>						
(1)	Custodian / DR Holder	0	0.00	0	0.00	0	0.00
(2)	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0.00	230,186	0.31	230,186	0.31
	<b>Total Non Promoter - Non Public Shareholding (C)=(C)(1)+(C)(2)</b>	<b>0</b>	<b>0.00</b>	<b>230,186</b>	<b>0.31</b>	<b>230,186</b>	<b>0.31</b>
	<b>TOTAL (A) + (B) + (C)</b>	<b>2,000,000</b>	<b>100.00</b>	<b>73,393,770</b>	<b>100.00</b>	<b>73,671,548</b>	<b>100.00</b>

\*shares held as nominee of HT Media Limited

#### B. Pre/post Arrangement capital structure of the Demerged Company and the Resulting Company.

The pre-Arrangement capital structure of the Demerged Company and the Resulting Company is given in paragraphs 4.A(iv) and 4.B(iv) above. There will be no change in the capital structure of the Demerged Company consequent to the instant Scheme. The post Arrangement capital structure of the Resulting Company will be as follows:-

Class of Shares – Equity Shares	Authorised Capital	Issued Capital	Subscribed Capital	Paid up Capital
Number of equity shares	202,400,000	73,671,548	73,671,548	73,671,548
Nominal value per share (in Rupees)	10	10	10	10
Total amount of equity shares (in Rupees)	2,024,000,000	736,715,480	736,715,480	736,715,480

#### 14. Auditors Certificate of conformity of accounting treatment in the Scheme with Accounting Standards

The respective Auditors of the Demerged Company and the Resulting Company have confirmed that the accounting treatment in the said Scheme is in conformity with the accounting standards prescribed under Section 133 of the Companies Act, 2013.

#### 15. Approvals and intimations in relation to the Scheme

- i. The Demerged Company is an unlisted Company. The shares of the Resulting Company are listed on BSE and NSE. The Resulting Company duly filed the Scheme with BSE and NSE in terms of the SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("SEBI Circular") for their approval. Apart from the same, the Resulting Company also submitted the Report of its Audit Committee on the Scheme and various other documents to the stock exchanges and also displayed the same on its website in terms of the SEBI Circular and addressed all queries on the said documents. The Complaints Report required to be filed in terms of the said SEBI Circular was also duly filed by the said Resulting Company. BSE and NSE vide their respective letters dated May 14, 2018 and May 16, 2018 have since confirmed that they have 'no adverse observation' / 'no-objection' on the Scheme pursuant to the said SEBI Circular. Copies of the said complaints report are attached as Annexure "ES-7" hereto. Copies of the said observation letters are attached as Annexure "ES-8" hereto.



- ii. The Shareholders and Unsecured Creditors of the Demerged Company have already consented to the Scheme and the Hon'ble Principal Bench of National Company Law Tribunal, New Delhi by its order dated November 19, 2018 has dispensed with the Meetings of the said Shareholders and Unsecured Creditors pursuant to Section 230 and 232 of the Companies Act, 2013. The Demerged Company will be presenting its petition for confirmation of the Scheme in accordance with law and pursuant to the order dated November 19, 2018.
- iii. The Unsecured Creditors of the Resulting Company have already approved the Scheme by requisite majority pursuant to the provisions of Section 230 and 232 of the Companies Act, 2013 at their meeting held on October 15, 2018 in terms of the order dated August 28, 2018 of the Hon'ble Tribunal, Kolkata Bench while meeting of the Secured Creditors of the Resulting Company was dispensed with by such order in view of the consent already given to the Scheme by the Secured Creditors of the Resulting Company.
- iv. Further, the Resulting Company confirms that notice of the Scheme in the prescribed form is also being served on all Authorities in terms of the Order of the Hon'ble Tribunal dated January 4, 2019.

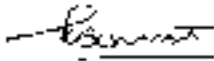
#### 16. Inspection of Documents

In addition to the documents annexed hereto, following documents will be open for inspection by the members at the Registered Office of the Resulting Company on any working day, (between 10:00 A.M. to 4:00 P.M.) except Saturdays, Sundays and Public Holidays prior to the date of the Meeting:

- a. Copy of the Order dated January 4, 2019 passed by the Hon'ble National Company Law Tribunal, Kolkata Bench in Miscellaneous Application No.1181/KB/2018 Connected With Company Application No.755/KB of 2018;
- b. Copy of the Order dated August 28, 2018 passed by the Hon'ble National Company Law Tribunal, Kolkata Bench in Company Application (CAA) No.755/ KB/2018
- c. Memorandum and Articles of Association of both, Resulting Company and Demerged Company;
- d. Audited Financial Statements of the Demerged Company and the Unaudited Financial Statements of the Resulting Company as on September 30, 2018;
- e. Audited Financial Statements of the Demerged Company and the Resulting Company for the financial year ended March 31, 2018;
- f. Certificate of the Auditors of the Applicant confirming the accounting treatment under the Scheme;
- g. Register of Shareholding of Director, Key Managerial Personnel and their relatives of the Demerged Company and the Resulting Company; and
- h. All other documents relating to the Scheme of Arrangement displayed on the Resulting Company's website, including Report of the Audit Committee of the Resulting Company and documents displayed on the website in terms of the SEBI Circular dated March 10, 2017.

Dated this 24<sup>th</sup> day of January, 2019.

For Hindustan Media Ventures Limited



Tridib Barat  
(Company Secretary)

Place : New Delhi

Registered Office :  
Budh Marg, Patna - 800 001

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**SCHEME OF ARRANGEMENT**  
**UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF**  
**THE COMPANIES ACT, 2013**

**BETWEEN**  
**INDIA EDUCATION SERVICES PRIVATE LIMITED**  
**AND**  
**HINDUSTAN MEDIA VENTURES LIMITED**  
**AND**  
**THEIR RESPECTIVE SHAREHOLDERS**

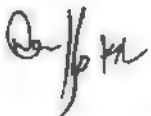


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A handwritten signature in black ink, appearing to be 'Rohit', written in a cursive style.

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A handwritten signature in black ink, appearing to be 'Rohit', written in a cursive style.

**A. BACKGROUND**

- (i) India Education Services Private Limited (hereinafter referred to as the “**Demerged Company**”) is a private limited company incorporated on 24 October 2011 under the provisions of the Companies Act, 1956 and has its registered office at Hindustan Times House, Second Floor, 18-20, Kasturba Gandhi Marg, New Delhi - 110 001. The corporate identification number of the Demerged Company is U80301DL2011PTC226705. The Demerged Company is engaged, *inter alia*, in the business of providing all types of academic and non-academic services including providing all kinds of academic, technical, administrative, infrastructure and management support to students, corporate, universities, educational institutions and colleges.
- (ii) Hindustan Media Ventures Limited, (hereinafter referred to as the “**Resulting Company**”) is a public limited company incorporated on 9 July 1918 under the provisions of the Companies Act, 1913 and has its registered office at Budh Marg, Patna - 800 001. The corporate identity number is L210908R1918PLC000013. The Resulting Company is engaged, *inter alia*, in the business of publishing ‘Hindustan’, a Hindi daily, and two monthly Hindi magazines ‘Nandan’ and ‘Kadambani.’ The equity shares of the Resulting Company are listed on BSE Limited and National Stock Exchange of India Limited.

**B. OVERVIEW AND OPERATION OF THIS SCHEME**

This Scheme provides for the demerger and vesting of the Demerged Undertaking (*as defined hereinafter*) from the Demerged Company to the Resulting Company on a ‘going concern’ basis and the consequent issue of shares by the Resulting Company in the manner set out in this Scheme and in accordance with the provisions of Sections 230 to 232 of the Act (*as defined hereinafter*) and other applicable provisions of Applicable Law.

- C. The Demerged Company will continue to pursue its interests in and carry on the Remaining Business (*as defined hereinafter*) as presently being carried on.

**D. PARTS OF THIS SCHEME**

This Scheme is divided into the following parts:

- (i) **PART I** deals with the definitions of capitalized terms used in this Scheme and the share capital of the Demerged Company and the Resulting Company;
- (ii) **PART II** deals with the transfer and vesting of the Demerged Undertaking from the Demerged Company into the Resulting Company and the consideration thereof; and
- (iii) **PART III** deals with the general terms and conditions that would be applicable to this Scheme.

**E. RATIONALE FOR THIS SCHEME**

The Demerged Company is engaged in 2 (two) distinct business lines namely, providing higher education courses to retail consumers i.e Business to Consumers segment (“**B2C**”) and providing corporate educational and management training facilities to its corporate customers i.e Business to Business segment (“**B2B**”).

The nature of risk and competition involved in each of the businesses is distinct. The B2B segment is primarily involved in corporate educational and management training business offering skill development programs in emerging fields including Business Analytics and Digital Marketing and others to employees of an organization. After understanding the needs of the organization, a customized training program is designed for the participants of the said organization based on case studies and data-sets derived from the organization itself. The approach is to train the participants to work on actual business problems during the training program itself. The strategy adopted for this business is to bring in partners who are amongst the best in the world and to provide cutting-edge inputs that helps participants in preparing themselves for a long-term career in their chosen domain.

The B2C segment is engaged in providing relatively long term higher education services courses to students/professionals etc., that range from 3 months to 1 year in which prospects are taken through a rigorous training program that includes conceptual inputs; hands-on exercises; peer learning exercises; capstone projects; and inputs on interview handling and presentation skills for placement in reputed organizations based on their experience and goodness-of-fit to the hiring organization.

This necessitates vastly differing management approaches, sales strategies and focus. Moreover, the competitive dynamics of these businesses are also different, with the B2B segment servicing a global product portfolio and the B2C segment being a local consumption driven business.

Over the period of time, the Demerged Company has not been able to scale its B2C business and unleash its full potential for growth and profitability. On the other hand, the Resulting Company has a deep presence in Tier II and Tier III cities of North India, which offers a large customer base with favourable demographics for the growth of the business of the B2C business of Demerged Company. It is therefore, proposed to acquire the B2C business of the Demerged Company, by way of a demerger, to utilize the expertise and wide-spread reach of the Resulting Company in north India to turnaround the B2C business of the Demerged Company.

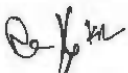
The proposed restructuring pursuant to this Scheme is expected, *inter alia*, to result in following key benefits:-

- (i) Expansion of the Demerged Undertaking in the rapidly expanding markets of North India, thereby creating greater value for the shareholders of the Resulting Company;
- (ii) Augmenting the Demerged Undertaking with the financial resources of the Resulting Company;
- (iii) Demerger and vesting of the Demerged Undertaking to and in the Resulting Company is a strategic fit for serving existing market and for catering to additional volume linked to new consumers;

The proposed demerger is in the interest of the shareholders, creditors, and other stakeholders of the Demerged Company and Resulting Company.



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PART I

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

1.1 In this Scheme, unless inconsistent with the subject or context thereof, (i) capitalised terms defined by inclusion in quotations and/ or parenthesis have the meanings so ascribed; (ii) subject to (iii) below, all terms and words not defined in this Scheme shall have the same meaning ascribed to them under Applicable Laws; and (iii) the following expressions shall have the following meanings:

**"Act"** means the Companies Act, 2013 and shall include any other statutory amendment or re-enactment or restatement and the rules and/ or regulations and/ or other guidelines or notifications, made thereunder from time to time;

**"Appointed Date"** means 1 October 2017;

**"Applicable Law"** means any applicable central, provincial, local or other law including all applicable provisions of all (a) constitutions, decrees, treaties, statutes, acts, laws (including the common law), codes, notifications, rules, regulations, policies, guidelines, circulars, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, tribunal having jurisdiction over the Parties; (b) Permits; and (c) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Parties and shall include, without limitation, the listing agreement executed with the Stock Exchanges in the case of Resulting Company.

**"Appropriate Authority"** means:

- (a) the government of any jurisdiction (including any central, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, central bank, commission or other authority thereof;
- (b) any public international organisation or supranational body and its institutions, departments, agencies and instrumentalities;
- (c) any governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing or other governmental or quasi-governmental authority including (without limitation) SEBI (as defined hereinafter), RoC (as defined hereinafter) the Tribunal (as defined hereinafter), [state or central educational boards and the University Grant Commission]; and
- (d) any Stock Exchange.

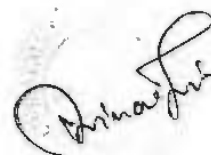
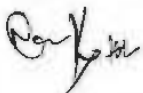
**"Board"** in relation to the Demerged Company and the Resulting Company, as the case may be, means the board of directors of such company, and shall include a committee of directors or any person authorized by the board of directors or such committee of directors duly constituted and authorized for the purposes of matters pertaining to this Scheme or any other matter relating thereto.

**"Demerged Company"** means India Education Services Private Limited, a private limited company incorporated on 24 October 2011 under the provisions of the Companies Act, 1956 and having its registered office at Hindustan Times House, Second Floor, 18-20, Kasturba Gandhi Marg, New Delhi - 110 001. The corporate identification number of the Demerged Company is U80301DL2011PTC226705.

**"Demerged Undertaking"** means all the business in relation to the educational services to retail consumers i.e., B2C business of the Demerged Company together with all its undertakings, assets, properties, investments and liabilities of whatsoever nature and kind, and wheresoever situated, of the Demerged Company, in relation to and pertaining to the B2C business, as on the Appointed Date and shall include (without limitation):

- (a) all the movable and immovable properties, tangible or intangible, including all computers and accessories, software, applications and related data, equipment, furniture, fixtures, vehicles, stocks and inventory, leasehold, assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets including cash in hand, amounts lying in the banks, investments, escrow accounts, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, freehold, leasehold rights, brands, sub-letting tenancy rights, leave and license permissions, goodwill, other intangibles, industrial and other licenses, approvals, Permits, authorisations, trademarks, trade names, patents, patent rights, copyrights, and other intellectual properties and rights of any nature whatsoever including know-how, websites, portals, domain names, programs, codes or any applications for the above, assignments and grants in respect thereof, right to use and avail of telephones, telex, facsimile, email, internet, leased lines and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits (including all work-in progress), of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities, Appropriate Authority or any other Person including customers, contractors or other counter parties, etc., all earnest monies and/ or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to and pertaining to the B2C business;
- (b) all receivables, loans and advances, including accrued interest thereon, all advance payments, earnest monies and/ or security deposits, payment against warrants, if any, or other entitlements of the Demerged Company in relation to and pertaining to the B2C business;
- (c) all the debts, liabilities, duties and obligations including contingent liabilities of the Demerged Company in relation to and pertaining to the B2C business; and
- (d) all books, records, files, papers, engineering and process information, records of standard operating procedures, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, in connection with or relating to the B2C business;

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It is clarified that any question as to whether or not a specified asset or liability pertains to the Demerged Undertaking or arises out of the activities or operations of Demerged Undertaking shall be decided by the Board of the Demerged Company.

**"Effective Date"** means the day on which the conditions specified in Clause 18 (Conditions Precedent) of this Scheme are complied with. Reference in this Scheme to the date of **"coming into effect of this Scheme"** or **"effectiveness of this Scheme"** shall mean the Effective Date.

**"Encumbrance"** means (i) any charge, lien (statutory or other), or mortgage, any easement, encroachment, right of way, right of first refusal or other encumbrance or security interest securing any obligation of any Person; (ii) pre-emption right, option, right to acquire, right to set off or other third party right or claim of any kind, including any restriction on use, voting, selling, assigning, pledging, hypothecating, or creating a security interest in, place in trust (voting or otherwise), receipt of income or exercise; or (iii) any equity, assignments hypothecation, title retention, restriction, power of sale or other type of preferential arrangements; or (iv) any agreement to create any of the above; the term **"Encumber"** shall be construed accordingly.

**"INR"** or **"Rs"** means Indian Rupee, the lawful currency of the Republic of India.

**"Parties"** shall mean collectively the Demerged Company and the Resulting Company.

**"Party"** shall mean each of them, individually.

**"Permits"** means all consents, licences, permits, permissions, authorisations, rights, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, whether governmental, statutory, regulatory under Applicable Law.

**"Person"** means an individual, a partnership, a corporation, a limited liability partnership, a company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or an Appropriate Authority.

**"Record Date"** means the date to be fixed by the Board of the Demerged Company in consultation with the Resulting Company for the purpose of determining the shareholders of the Demerged Company for issue of the new equity shares by the Resulting Company pursuant to this Scheme.


**"Remaining Business"** means all the business, units, divisions, undertakings and assets and liabilities of the Demerged Company of the Business to Business segment and other than those forming part of the Demerged Undertaking.

**"Resulting Company"** means Hindustan Media Ventures Limited, a public limited company incorporated on 9 July 1918 under the provisions of the Companies Act, 1913 and having its registered office at Budh Marg, Patna - 800 001. The corporate identification number is L21090BR1918PLC000013.

**"RoC"** means the relevant Registrar of Companies having jurisdiction over the Demerged Company or the Resulting Company, as the case may be.

**"Scheme"** means this scheme of arrangement, with or without any modification approved or imposed or directed by the Tribunal/Appropriate Authority.

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"SEBI" means the Securities and Exchange Board of India.

"SEBI Circular" shall mean the circular issued by the SEBI, being Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, and any amendments, clarifications thereof, modifications issued pursuant to Regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

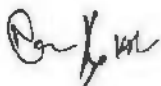
"Stock Exchanges" means the BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), as the case may be.

"Taxation" or "Tax" or "Taxes" means all forms of taxes and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies and whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, advance tax, minimum alternate tax or otherwise or attributable directly or primarily to the Demerged Company or the Resulting Company or any other Person and all penalties, charges, costs and interest relating thereto.

"Tax Laws" means all Applicable Laws, acts, rules and regulations dealing with Taxes including but not limited to the income-tax, wealth tax, sales tax / value added tax, service tax, goods and services tax, minimum alternate tax, excise duty, customs duty or any other levy of similar nature.

"Tribunal" means the National Company Law Tribunal bench having jurisdiction over the Demerged Company and the Resulting Company, as the case may be.

- 1.2 In this Scheme, unless the context otherwise requires:
- 1.2.1 words denoting singular shall include plural and vice versa;
  - 1.2.2 headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;
  - 1.2.3 references to the word "include" or "including" shall be construed without limitation;
  - 1.2.4 a reference to an article, clause, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, clause, section, paragraph or schedule of this Scheme;
  - 1.2.5 unless otherwise defined, the reference to the word "days" shall mean calendar days;
  - 1.2.6 reference to a document includes an amendment or supplement to, or replacement or novation of, that document; and
  - 1.2.7 word(s) and expression(s) elsewhere defined in this Scheme will have the meaning(s) respectively ascribed to them.



2. **SHARE CAPITAL**

2.1 The share capital of the Demerged Company as on 30 September 2017 is as follows:

Particulars	Amount (INR)
<b>Authorised Share Capital</b>	
11,84,00,000 Equity Shares of INR 10 each	118,40,00,000
<b>Total</b>	<b>118,40,00,000</b>
<b>Issued, Subscribed and fully Paid-up Share Capital</b>	
11,84,00,000 Equity Shares of INR 10 each	118,40,00,000
<b>Total</b>	<b>118,40,00,000</b>

The Board of the Demerged Company has on 16 October 2017 approved a separate scheme of reduction of share capital under the provisions of Section 66 and other applicable provisions of the Act, between the Demerged Company and its shareholders, whereby the issued, subscribed and fully paid-up share capital of the Demerged Company shall be reduced by INR 116,40,00,000. The reduction shall be effected by cancelling and extinguishing 11,64,00,000 fully paid-up equity shares of face value INR 10 each.

Subject to requisite approval of the shareholders, Tribunal and such other necessary sanctions and permissions, to the scheme of reduction of share capital, the issued, subscribed and fully paid-up share capital of the Demerged Company would be as follows:

Particulars	Amount (INR)
<b>Authorised Share Capital</b>	
11,84,00,000 Equity Shares of INR 10 each	118,40,00,000
<b>Total</b>	<b>118,40,00,000</b>
<b>Issued, Subscribed and fully Paid-up Share Capital</b>	
20,00,000 Equity Shares of INR 10 each	2,00,00,000
<b>Total</b>	<b>2,00,00,000</b>

2.2 The share capital of the Resulting Company as on 30 September 2017 is as follows:

Particulars	Amount (INR)
<b>Authorised Share Capital</b>	
870,00,000 equity shares of INR 10 each	87,00,00,000
<b>Total</b>	<b>87,00,00,000</b>
<b>Issued, Subscribed and fully Paid-up Share Capital</b>	
733,93,770 equity shares of INR 10 each	73,39,37,700
<b>Total</b>	<b>73,39,37,700</b>

There has been no change in the share capital of the Resulting Company post 30 September 2017.  
The equity shares of the Resulting Company are listed on the Stock Exchanges.

### 3. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

This Scheme as set out herein in its present form or with any modification(s), as may be approved or imposed or directed by the Tribunal or made as per Clause 17 of this Scheme, shall become effective from Appointed Date, but shall be operative from the Effective Date. Therefore, for all regulatory and tax purposes, the Scheme would be effective from the Appointed Date. Notwithstanding the above, the accounting treatment to be adopted to give effect to the provisions of the Scheme would be in consonance with Indian Accounting Standards and the mere adoption of such accounting treatment will not in any manner affect the vesting of the Demerged Undertaking from the Appointed Date.

## PART II

### 4. DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING

- 4.1 Immediately upon the Scheme becoming effective and with effect from the opening business hours of the Appointed Date and subject to the provisions of this Scheme and pursuant to Sections 230 to 232 of the Act and Section 2(19AA) of the Income-tax Act, 1961, the Demerged Undertaking along with all its assets, liabilities, investments, contracts, arrangements, employees, Permits, licences, records, approvals, etc shall, without any further act, instrument or deed, be demerged from the Demerged Company and transferred to and be vested in or be deemed to have been vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, the assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. of the Resulting company by virtue of, and in the manner provided in this Scheme .
- 4.2 In respect of such of the assets and properties forming part of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by delivery or possession or by endorsement and/ or delivery, the same shall stand transferred by the Demerged Company upon coming into effect of this Scheme and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Resulting Company.
- 4.3 Subject to Clause 4.4 below, with respect to the assets of the Demerged Undertaking, other than those referred to in Clause 4.2 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments, sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, whether or not the same is held in the name of the Demerged Company shall, without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Resulting Company, with effect from the Appointed Date in favour of Resulting Company . Regarding Immoveable properties held on lease and license basis, the Resulting Company will enter novation agreements wherever required.
- 4.4 Without prejudice to the aforesaid, the Demerged Undertaking, including all immoveable property, whether or not included in the books of the Demerged Company, whether freehold or leasehold (including but not limited to land, buildings, sites and immoveable



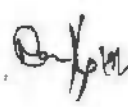
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properties, tenancy rights related thereto, and any other document of title, rights, interest and easements in relation thereto) of the Demerged Undertaking shall stand transferred to and be vested in the Resulting Company, without any act or deed to be done or executed by the Demerged Company and/ or the Resulting Company.

- 4.5 The Demerged Company shall, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such Persons, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in the Resulting Company and that appropriate modification should be made in their respective books/ records to reflect the aforesaid changes.
- 4.6 After effectiveness of the Scheme, all debts, liabilities, loans, obligations of the Demerged Company as on the Appointed Date and relatable to the Demerged Undertaking ("**Transferred Liabilities**") shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Appointed Date and the Resulting Company shall meet, discharge and satisfy the same. The term "**Transferred Liabilities**" shall include:
- 4.6.1 the debts, liabilities, obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Demerged Undertaking;
- 4.6.2 the specific loans or borrowings (including debentures, bonds, notes and other debt securities raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking); and
- 4.6.3 in cases other than those referred to in Clauses 4.6.1 or 4.6.2 above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the demerger of the Demerged Undertaking bear to the total value of the assets of the Demerged Company immediately prior to the Appointed Date.

However, the tax liabilities and tax demands or refunds received or to be received by the Demerged Undertaking for a period prior to the Appointed Date in relation to the Demerged Undertaking shall not be transferred as part of the Demerged Undertaking to Resulting Company.

- 4.7 As far as any Encumbrance in respect of Transferred Liabilities is concerned, such Encumbrance shall, without any further act, instrument or deed being required to be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking which may have been encumbered in respect of the Transferred Liabilities as transferred to the Resulting Company pursuant to this Scheme. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Undertaking are concerned, the Encumbrance, if any, over such assets relating to the Transferred Liabilities, without any further act, instrument or deed being required, be released and discharged from the obligations and Encumbrances relating to the same. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to the Resulting Company pursuant to this Scheme and which shall continue with the Demerged Company, shall without any further act or deed be released from such Encumbrance and shall no longer be available as security in relation to such liabilities.



- 4.8 Taxes, if any, paid or payable by the Demerged Company after the Appointed Date and specifically pertaining to Demerged Undertaking shall be treated as paid or payable by the Resulting Company and the Resulting Company shall be entitled to claim the credit, refund or adjustment for the same as may be applicable.
- 4.9 If the Demerged Company is entitled to any unutilized credits (including balances or advances), benefit of carried forward tax business losses till the Appointed Date, unabsorbed depreciation till the Appointed Date and other statutory benefits, including in respect of income tax (including tax deducted at source, tax collected at source, advance tax, etc.), cenvat, customs, value added tax, sales tax, service tax, goods and service tax etc. relating to the Demerged Undertaking, benefits under the incentive schemes and policies including tax holiday or concessions, up to the Appointed Date, relating to the Demerged Undertaking under any Tax Laws or Applicable Laws, the Resulting Company shall be entitled as an integral part of the Scheme to claim such benefit or incentives or unutilised credits as the case may be without any specific approval or permission.
- 4.10 Upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.
- 4.11 It is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies, if any, in relation to or in connection with the Demerged Undertaking, the Demerged Company shall, if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme under Sections 230 to 232 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Resulting Company, as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same, stands transferred to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 4.12 On and from the Effective Date and till such time that the name of the bank accounts of the Demerged Company, in relation to or in connection with the Demerged Undertaking, have been replaced with that of the Resulting Company, the Resulting Company shall be entitled to maintain and operate the bank accounts of the Demerged Company, in the name of the Demerged Company for such time as may be determined to be necessary by the Resulting Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company, in relation to or in connection with the Demerged Undertaking, after the Effective Date shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company.
- 4.13 Without prejudice to the provisions of the foregoing sub clauses of this Clause 4, and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company shall be entitled to apply to the Appropriate Authorities as are necessary under applicable law for such consents, approvals and sanctions which the Resulting Company may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/ or modification(s) of charge, with the concerned RoC or filing of necessary applications, notices, intimations or letters with any

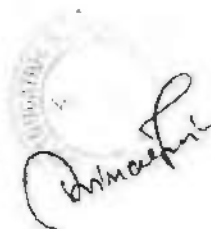
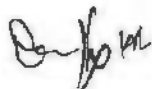
authority or Person to give effect to the Scheme.

**5. PERMITS**

- 5.1 With effect from the Appointed Date, Permits relating to the Demerged Undertaking shall be transferred to and vested in the Resulting Company and the concerned licensor and grantors of such Permits shall endorse where necessary, and record the Resulting Company on such Permits so as to empower and facilitate the approval and vesting of the Demerged Undertaking in the Resulting Company and continuation of operations pertaining to the Demerged Undertaking in the Resulting Company without any hindrance, and shall stand transferred to and vested in and shall be deemed to be transferred to and vested in the Resulting Company without any further act or deed and shall be appropriately mutated by the Appropriate Authorities concerned therewith in favour of the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Resulting Company.
- 5.2 The benefit of all Permits pertaining to the Demerged Undertaking shall without any other order to this effect, transfer and vest into and become available to the Resulting Company pursuant to the sanction of this Scheme.

**6. CONTRACTS**

- 6.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments, in relation to the Demerged Undertaking, to which the Demerged Company is a party and which is subsisting or having effect on or immediately before the Appointed Date shall remain in full force and effect against or in favour of the Resulting Company and shall be binding on and be enforceable by and against the Resulting Company as fully and effectually as if the Resulting Company had at all material times been a party or beneficiary or obligee thereto. The Resulting Company will, if required, enter into a novation agreement in relation to such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above.
- 6.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme, the Resulting Company may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or arrangements with any party/ parties to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. With effect from the Appointed Date, the Resulting Company shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company.
- 6.3 On and from the Effective Date, and thereafter, the Resulting Company shall be entitled to enforce all pending contracts and transactions and issue credit notes in respect of the Demerged Company, in relation to or in connection with the Demerged Undertaking, in the name of the Resulting Company in so far as may be necessary until the transfer of rights and obligations of the Demerged Undertaking to the Resulting Company under this Scheme have been given effect to under such contracts and transactions.



7. **EMPLOYEES**

- 7.1 With effect from the Effective Date, the Resulting Company undertakes to engage all the employees of the Demerged Company, engaged in or in relation to the Demerged Undertaking, on the same terms and conditions on which they are engaged by the Demerged Company without any interruption of service as a result of transfer of the Demerged Undertaking to the Resulting Company. The Resulting Company agrees that the services of all such employees with the Demerged Company prior to the demerger shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits and to this effect the accumulated balances, if any, standing to the credit of the employees in the existing provident fund, gratuity fund and superannuation fund of which they are members will be transferred to such provident fund, gratuity fund and superannuation funds nominated by the Resulting Company and/ or such new provident fund, gratuity fund and superannuation fund to be established and caused to be recognized by the Appropriate Authorities, by the Resulting Company, or to the government provident fund in relation to the employees of the Demerged Company who are not eligible to become members of the provident fund maintained by the Resulting Company.
- 7.2 Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund dues, as may be applicable, of the employees would be continued to be deposited in the existing provident fund, gratuity fund and superannuation fund respectively of the Demerged Company.
- 7.3 The Resulting Company undertakes to continue to abide by any agreement/ settlement, if any, entered into or deemed to have been entered into by the Demerged Company with any employee / union of the Demerged Company who are engaged in or in relation to the Demerged Undertaking.

8. **LEGAL PROCEEDINGS**

- 8.1 Upon the coming into effect of this Scheme, proceedings relating to the Demerged Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Resulting Company with effect from the Effective Date in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company.
- 8.2 The Resulting Company: (a) shall be replaced/added as party to such proceedings relating to the Demerged Undertaking; and (b) shall prosecute or defend such proceedings at its own cost and the liability of the Demerged Company shall consequently stand nullified.
- 8.3 It is clarified that except as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any proceedings relating to the Demerged Undertaking that stand transferred to the Resulting Company.

9. **CONSIDERATION**

- 9.1 After effectiveness of the Scheme and in consideration of and subject to the provisions of this Scheme, Resulting Company shall, without any further application, act, deed, consent, instrument, issue and allot, to each shareholder of the Demerged Company whose name is

recorded in the register of members of the Demerged Company on the Record Date, in the following proportion:

*"10 (Ten) fully paid up equity shares of INR 10 (Indian Rupees Ten) each of the Resulting Company shall be issued and allotted for every 72 (Seventy-Two) equity shares of INR 10 (Indian Rupees Ten) each held in the Demerged Company." ("New Equity Shares").*

- 9.2 The equity shares of the Resulting Company to be issued and allotted as provided in Clause 9.1 above shall be subject to the provisions of the memorandum of association and articles of association of Resulting Company, as the case may be, and shall rank *pari passu* in all respects with the existing equity shares of Resulting Company, as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached thereto.
- 9.3 In case any shareholder's shareholding in the Demerged Company is such that such shareholder becomes entitled to a fraction of an equity share of Resulting Company, as the case may be, Resulting Company shall not issue fractional share certificate to such shareholder but shall consolidate such fractions and round up the aggregate of such fractions to the next whole number and issue and allot the consolidated shares directly to a trustee(s) nominated by the Board of the Resulting Company in that behalf, who shall sell such shares in the market at such price or prices and on such time or times as the trustee(s) may in its sole discretion decide and on such sale, shall pay to Resulting Company, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon Resulting Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Demerged Company in proportion to their respective fractional entitlements.
- 9.4 The issue and allotment of equity shares as provided in Clause 9.1, is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of Resulting Company or Demerged Company or their shareholders and as if the procedure laid down under the Act and such other Applicable Laws as may be applicable were duly complied with. It is clarified that the approval of the members and creditors of the Resulting Company and/ or the Demerged Company to this Scheme, shall be deemed to be their consent/ approval for the issue and allotment of equity shares, as the case may be, pursuant to this Clause 9.1.
- 9.5 The New Equity Shares issued pursuant to Clause 9.1 shall be in dematerialized form unless otherwise notified in writing by a shareholder of the Demerged Company to Resulting Company on or before such date as may be determined by the Board of Demerged Company. In the event that such notice has not been received by Resulting Company in respect of any of the shareholders of Demerged Company, the equity shares, shall be issued to such shareholders in dematerialized form provided that the shareholders of Demerged Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that Resulting Company has received notice from any shareholder that the equity shares are to be issued in physical form or if any shareholder has not provided the requisite details relating to his/ her/ its account with a depository participant or other confirmations as may be required or if the details furnished by any shareholder do not permit electronic credit of the shares of Resulting Company, then Resulting Company shall issue the equity shares in physical form to such shareholder or shareholders.



- 9.6 Resulting Company shall apply for listing of its equity shares on the Stock Exchanges in terms of and in compliance of the SEBI Circular and other relevant provisions as may be applicable. The New Equity Shares allotted by the Resulting Company in terms of Clause 9.1 above, pursuant to the Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchanges.
- 9.7 In the event that the Parties restructure their equity share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the share exchange ratio as per Clause 9.1, shall be adjusted accordingly to take into account the effect of any such corporate actions.
- 9.8 Resulting Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchanges.

## 10. ACCOUNTING TREATMENT

### 10.1 Accounting treatment in the books of the Demerged Company

On effectiveness of the Scheme and with effect from the appointed date, the Demerged Company shall account for demerger of the Demerged Undertaking in its books of account in accordance with the Indian Accounting Standard (IND AS) prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015 and generally accepted accounted principles, as may be amended from time to time, as under:

- 10.1.1 All the assets and liabilities of the Demerged Company being transferred shall be reduced at their book value as on the Appointed date (after taking into account the impact of capital reduction as proposed under "Scheme of reduction of share capital between the Demerged Company and its shareholders").
- 10.1.2 The difference between the book value of assets and liabilities of the Demerged Undertaking as on the Appointed Date shall be transferred to retained earnings.
- 10.1.3 If considered appropriate for compliance with accounting standards, the Demerged Company may make suitable adjustment to the accounting treatment and adjust the effect thereof in the manner determined by the Board of the Demerged Company.

### 10.2 Accounting treatment in the books of the Resulting Company

On effectiveness of the Scheme, since the transaction involves entities which are ultimately controlled by the same party before and after the transaction, the Resulting Company shall account for demerger of the Demerged Undertaking in its books of account in accordance with Appendix C 'Business combinations of entities under common control' of the Indian Accounting Standard (Ind AS) 103 for Business Combination prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015 and generally accepted accounted principles, as may be amended from time to time, as under



Anand



Anish



- 10.2.1 The Resulting Company shall, record the assets and liabilities of the Demerged Undertaking vested in it pursuant to this Scheme at the respective carrying amounts appearing in the books of the Demerged Company.
- 10.2.2 The Resulting Company shall credit its share capital account with the aggregate face value of the new equity shares issued by it to the equity shareholders of the Demerged Company pursuant to Clause 9.1 of this Scheme.
- 10.2.3 The difference between the carrying amount of the assets and liabilities as recorded under Clause 10.2.1 above, and the share capital credited with aggregate face value of the new equity shares as recorded under Clause 10.2.2 above, shall be recorded as Capital Reserve.
- 10.2.4 If considered appropriate for the purpose of application of uniform accounting policies and method or for compliance with the applicable Accounting Standards, the Resulting Company may make suitable adjustment and adjust the effect thereof in the manner determined by the Board of the Resulting Company.

### PART III

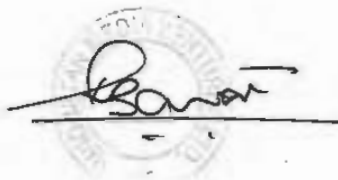
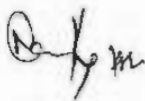
#### GENERAL TERMS & CONDITIONS

##### 11. REMAINING BUSINESS

- 11.1 The Remaining Business and all the assets, investments, liabilities and obligations of the Demerged Company, shall continue to belong to and be vested in and be managed by the Demerged Company.
- 11.2 All legal, Taxation and/ or other proceedings by or against the Demerged Company under any statute, whether pending on the Effective Date or which may be instituted at any time thereafter, and relating to the Remaining Business of the Demerged Company (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced against the Demerged Company.
- 11.3 If proceedings are taken against the Resulting Company in respect of matters referred to in Clause 11.1 above relating to the Remaining Business, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company, against all liabilities and obligations incurred by the Resulting Company in respect thereof.
- 11.4 If proceedings are taken against the Demerged Company in respect of matters referred to in Clause 11.1 above relating to the Demerged Undertaking, it shall defend the same in accordance with the advice of the relevant Resulting Company and at the cost of the said Resulting Company, and the latter shall reimburse and indemnify the Demerged Company, against all liabilities and obligations incurred by the Demerged Company in respect thereof.

##### 12. DIVIDENDS

- 12.1 The Demerged Company and/ or the Resulting Company shall be entitled to declare and pay dividends to their respective shareholders in respect of the accounting period ending 31



March 2018 and such future accounting periods at the discretion of the Board of the Demerged Company and/ or the Resulting Company as the case may be, in accordance with the past practices and in ordinary course of business.

- 12.2 It is clarified that the aforesaid provisions in respect of declaration of dividends (whether interim or final) are enabling provisions only and shall not be deemed to confer any right on any shareholder of the Demerged Company and/ or the Resulting Company to demand or claim or be entitled to any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the Board of the Demerged Company and/ or the Resulting Company as the case may be, and subject to approval, if required, of the shareholders of the Demerged Company and/ or the Resulting Company as the case may be.

**13. CONDUCT OF BUSINESS UPTO THE EFFECTIVE DATE**

- 13.1 With effect from the Appointed Date and up to and including the Effective Date:

13.1.1 the Demerged Company (with respect to the Demerged Undertaking) shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the assets for and on account of, and in trust for the Resulting Company;

13.1.2 all profits or income arising or accruing to the Demerged Company with respect to the Demerged Undertaking and all taxes paid thereon (including but not limited to advance tax, tax deducted at source, minimum alternate tax, dividend distribution tax, securities transaction tax, taxes withheld/ paid in a foreign country, etc.) or losses arising or incurred by the Resulting Company with respect to the Demerged Undertaking shall, for all purposes, be treated as and deemed to be the profits or income, taxes or losses, as the case may be, of the Resulting Company;


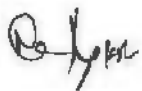
13.1.3 all loans raised and all liabilities and obligations incurred by the Demerged Company with respect to the Demerged Undertaking after the Appointed Date and prior to the Effective Date, shall subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Resulting Company as the case may be and to the extent they are outstanding on the Effective Date, shall also, without any further act or deed be and be deemed to become the debts, liabilities, duties and obligations of the Resulting Company;

13.1.4 The Demerged Company with respect to the Demerged Undertaking shall carry on their business with reasonable diligence and business prudence and in the same manner as it had been doing hitherto, and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for themselves or on behalf of its respective affiliates or associates or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal in any of its properties/assets, except:

- (a) when the same is expressly provided in this Scheme; or
- (b) when the same is in the ordinary course of business as carried on, as on the date of filing of this Scheme in the Tribunal; or
- (c) when written consent of the Resulting Company as the case may be has

been obtained in this regard;

- 13.1.5 The Demerged Company with respect to Demerged Undertaking shall not alter or substantially expand its business, or undertake (i) any material decision in relation to its business and affairs and operations other than that in the ordinary course of business; (ii) any agreement or transaction (other than an agreement or transaction in the ordinary course of business); and (iii) any new business, or discontinue any existing business or change the capacity of facilities other than that in the ordinary course of business, except with the written concurrence of the Resulting Company,
- 13.1.6 The Demerged Company with respect to Demerged Undertaking shall not vary the terms and conditions of employment of any of its employees, except in the ordinary course of business or pursuant to any pre-existing obligation undertaken except with the written concurrence of the Resulting Company; and
- 13.1.7 From the date of filing of this Scheme with the Tribunal and up to and including the Effective Date, the Demerged Company and the Resulting Company shall, unless expressly prohibited under this Scheme, carry on their respective business in ordinary course and shall also be, inter alia, permitted to alter its share capital in any manner including any sub-division of shares, change in the constitutional documents including the objects or name of the company, any issue of shares or other securities, acquisition and/ or restructuring with the approval of their respective Board any other activity or business as may be deemed necessary or expedient in the opinion of the Board.
- 13.2 The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to the Appropriate Authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Resulting Company may require to carry on the business of the Demerged Company in respect of the Demerged Undertaking and to give effect to the Scheme.
- 13.3 For the purpose of giving effect to the order passed under Sections 230 to 232 and other applicable provisions of the Act in respect of this Scheme by the Tribunal, the Resulting Company shall, at any time pursuant to the orders approving this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the demerger of the Demerged Undertaking, in accordance with the provisions of Sections 230 to 232 of the Act. The Resulting Company shall always be deemed to have been authorized to execute any pleadings, applications, forms, etc, as may be required to remove any difficulties and facilitate and carry out any formalities or compliances as are necessary for the implementation of this Scheme. For the purpose of giving effect to the vesting order passed under Section 232 of the Act in respect of this Scheme, the Resulting Company shall be entitled to exercise all rights and privileges, and be liable to pay all taxes and charges and fulfil all its obligations, in relation to or applicable to all immovable properties, including mutation and/ or substitution of the ownership or the title to, or interest in the immovable properties which shall be made and duly recorded by the Appropriate Authority(ies) in favour of the Resulting Company pursuant to the sanction of the Scheme by the Tribunal and upon the effectiveness of this Scheme in accordance with the terms hereof, without any further act or deed to be done or executed by the Resulting Company. It is clarified that the Resulting Company shall be entitled to engage in such correspondence and make such representations, as may be necessary, for the purposes of the aforesaid mutation and/ or substitution.



14. **COMPLIANCE WITH TAX LAWS**

This Scheme has been drawn up to comply with the conditions relating to "demerger" as defined under Section 2(19AA) and any other relevant sections of the Income-tax Act, 1961. If any terms or provisions of this Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the tax laws shall prevail. This Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other provisions of this Scheme. The power to make such amendments as may become necessary shall jointly vest with the Board of the Demerged Company and Resulting Company, which power can be exercised at any time and shall be exercised in the best interests of the companies and their shareholders.

15. **PROPERTY IN TRUST**

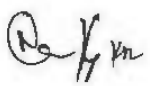
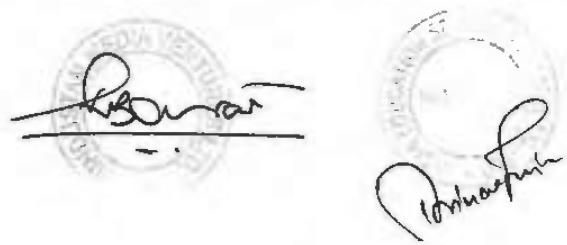
- 15.1 Notwithstanding anything contained in this Scheme, until any property, asset, license, approval, permission, contract, agreement and rights and benefits arising therefrom, in relation to the Demerged Undertaking, are transferred, vested, recorded, effected and/ or perfected, in the records of the Appropriate Authority(ies), regulatory bodies or otherwise, in favour of the relevant Resulting Company, the Resulting Company is deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the license, approval, permission, contract or agreement as if it were the owner of the property or asset or as if it were the original party to the license, approval, permission, contract or agreement. It is clarified that till entry is made in the records of the Appropriate Authority(ies) and till such time as may be mutually agreed by the Demerged Company and the Resulting Company, the Demerged Company will continue to hold the property and / or the asset, license, permission, approval as the case may be in trust on behalf of the Resulting Company.

16. **APPLICATIONS/ PETITIONS TO THE TRIBUNAL**

- 16.1 The Parties shall dispatch, make and file all applications and petitions under Sections 230 to 232 and other applicable provisions of the Act before the Tribunal, under whose jurisdiction, the registered offices of the respective Parties are situated, for sanction of this Scheme under the provisions of Applicable Law, and shall apply for such approvals as may be required under Applicable Law.
- 16.2 The Parties shall be entitled, pending the sanction of the Scheme, to apply to any Appropriate Authority, if required, under any Applicable Law for such consents, permits and approvals which the Demerged Company and Resulting Company may require to own the assets and/ or liabilities of the Demerged Undertaking and to carry on the business of the Demerged Undertaking as the case may be.

17. **MODIFICATION OR AMENDMENTS TO THIS SCHEME**

- 17.1 The Demerged Company and the Resulting Company by their respective Board ("Board", which term shall include Committee thereof), acting themselves or through authorized persons, may consent jointly but not individually, on behalf of all persons concerned, to any modifications or amendments of this Scheme at any time and for any reason whatsoever, or to any conditions or limitations that the Tribunal or any other Appropriate Authority may deem fit to direct or impose (including change of the Appointed Date) or which may



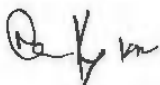
otherwise be considered necessary, desirable or appropriate by all of them (i.e. the Boards of the Demerged Company and the Resulting Company) and solve all difficulties that may arise for carrying out this Scheme and do all acts, deeds and things necessary for putting this Scheme into effect.

- 17.2 For the purpose of giving effect to this Scheme or to any modification thereof the Boards of the Demerged Company and the Resulting Company acting themselves or through authorized persons may jointly but not individually, give and are jointly authorised to give such directions including directions for settling any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

**18. CONDITIONS PRECEDENT**

- 18.1 Unless otherwise decided by the Board of the Demerged Company and the Resulting Company, this Scheme shall be conditional upon and subject to:

- 18.1.1 obtaining no-objection/ observation letter from the Stock Exchanges in relation to the Scheme under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- 18.1.2 approval of the Scheme by the requisite majority of shareholders of the Demerged Company and the Resulting Company and such other classes of persons of the said companies, if any, as applicable or as may be required under the Act and as may be directed by the Tribunal;
- 18.1.3 the Parties, as the case may be, complying with other provisions of the SEBI Circular, including seeking approval of the shareholders of the Resulting Company through e-voting, as applicable. The Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders, of the Resulting Company, against it as required under the SEBI Circular. The term 'public' shall carry the same meaning as defined under Rule 2 of Securities Contracts (Regulation) Rules, 1957;
- 18.1.4 the sanctions and orders of the Tribunals, under Sections 230 to 232 of the Act being obtained by the Demerged Company and the Resulting Company;
- 18.1.5 certified/ authenticated copies of the orders of the Tribunal, sanctioning the Scheme, being filed with the concerned RoC having jurisdiction over the Parties; and
- 18.1.6 the requisite consent, approval or permission of the Appropriate Authority or any other Person, which by Applicable Law or contract, agreement, may be necessary for the effective transfer and vesting of Demerged Undertaking and/or implementation of the Scheme.
- 18.2 It is hereby clarified that submission of this Scheme to the Tribunals and to the Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, titles or defences that the Demerged Company, the Resulting Company may have under or pursuant to all Applicable Laws.
- 18.3 On the approval of this Scheme by the shareholders of the Demerged Company and the Resulting Company and such other classes of Persons of the said Parties, if any, pursuant to Clause 18.1.2, such shareholders and classes of Persons shall also be deemed to have



resolved and accorded all relevant consents under the Act or otherwise to the same extent applicable in relation to the demerger set out in this Scheme, related matters and this Scheme itself.

**19. EFFECT OF NON-RECEIPT OF PERMITS AND MATTERS RELATING TO REVOCATION/ WITHDRAWAL OF THIS SCHEME**

19.1 The Demerged Company and the Resulting Company acting through their respective Boards shall each be at liberty to withdraw from this Scheme: (a) in case any condition or alteration imposed by any Appropriate Authority is unacceptable to any of them; or (b) they are of the view that coming into effect of the respective parts to this Scheme could have adverse implications on the respective companies.

19.2 If this Scheme is not effective within such period as may be mutually agreed upon between the Demerged Company and the Resulting Company through their respective Boards or their authorised representative, this Scheme shall become null and void and the Resulting Company shall bear and pay the costs, charges and expenses for and/ or in connection with this Scheme.

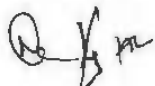
19.3 In the event of revocation/ withdrawal under Clause 19.1 or above, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* the Demerged Company and the Resulting Company or their respective shareholders or creditors or employees or any other Person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with the Applicable Law and in such case, the Resulting Company shall bear the costs, unless otherwise mutually agreed.

**20. TRANSFER OF AUTHORISED CAPITAL**

20.1 Upon coming into effect of the Scheme and subject to the scheme of reduction of share capital of the Demerged Company being approved by the Tribunal, INR 115,40,00,000 shall stand transferred from the authorised capital of the Demerged Company and get combined with the authorised capital of the Resulting Company. Accordingly, Clause V of the Memorandum of Association of the Resulting Company shall automatically stand amended so as to read as under

*"The Authorised Share Capital of the Company is Rs. 202,40,00,000 (Rupees Two Hundred and Two Crore Forty Lakhs) divided into 20,24,00,000 (Twenty Crore Twenty-Four Lakh) equity shares of Rs. 10/- (Rupees Ten) each with power to classify or reclassify, increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or condition as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company and the legislative provisions for the time being in force."*

20.2 It is clarified that the approval of the members of the Resulting Company to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum of Association of the Resulting Company and the Resulting Company shall not be required to seek separate consent / approval of its shareholders for the alteration of the Memorandum

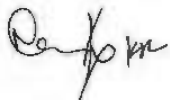


of Association of the Resulting Company as required under Sections 13, 61 and 64 of the Act and other applicable provisions of the Act.

- 20.3 The registration fee applicable under the Act and the stamp duty already paid by the Demerged Company on its authorised capital, which is being transferred to the Resulting Company in terms of sub clause 20.1 herein above, shall be deemed to have been so paid by the Resulting Company and accordingly, the Resulting Company shall not be required to pay any fee / stamp duty on the authorised capital so increased. However, the Resulting Company shall file the required returns / information / the amended copy of its Memorandum of Association with the RoC.

**21. COSTS AND TAXES**

All costs, charges and expenses (including, but not limited to, any taxes and duties, registration charges, etc.) of the Parties, respectively in relation to carrying out, implementing and completing the terms and provisions of this Scheme and/ or incidental to the completion of this Scheme shall be borne by the Resulting Company.





## Annexure"ES-1"

Hindustan Media Ventures Limited  
Balance sheet as at September 30, 2018

Particulars	Note No	As at September 30, 2018 INR Lacs	As at March 31, 2018 INR Lacs
<b>I ASSETS</b>			
<b>1) Non-current assets</b>			
(a) Property, plant and equipment	3	20,681	15,588
(b) Capital work in progress	3	281	959
(c) Investment property	4	618	618
(d) Intangible assets	5	6,815	6,822
(e) Intangible assets under development	5	-	7
(f) Financial assets			
(i) Investments	6A	56,604	67,310
(ii) Loans	6B	1,791	950
(iii) Other financial assets	6C	43	22
(g) Income tax assets (net)	7	115	115
(h) Other non-current assets	8	604	1,226
<b>Total non-current assets</b>		<b>87,552</b>	<b>93,617</b>
<b>2) Current assets</b>			
(a) Inventories	9	5,307	4,859
(b) Financial assets			
(i) Investments	6A	55,046	44,118
(ii) Trade receivables	10A	17,121	14,021
(iii) Cash and cash equivalents	10B	4,972	5,614
(iv) Other bank balances	10C	3,227	6
(v) Loans	6B	1,000	540
(vi) Other financial assets	6C	1,449	1,032
(c) Other current assets	11	8,670	1,208
<b>Total current assets</b>		<b>96,792</b>	<b>71,398</b>
<b>Total Assets</b>		<b>1,84,344</b>	<b>1,65,015</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>1) Equity</b>			
(a) Equity share capital	12	7,339	7,339
(b) Other equity	13	1,27,474	1,25,832
<b>Total equity</b>		<b>1,34,813</b>	<b>1,33,171</b>
<b>2) Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	14A	7,248	-
(ii) Other Financial Liabilities	14C	360	-
(b) Deferred tax liabilities (net)		2,705	2,591
<b>Total non-current liabilities</b>		<b>10,313</b>	<b>2,591</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	14A	21,344	11,557
(ii) Trade Payables	14B	10,044	9,798
(iii) Other financial liabilities	14C	4,586	4,391
(b) Provisions	15	152	219
(c) Income tax liabilities (net)	16	1,515	1,425
(d) Other current liabilities	17	1,577	1,863
<b>Total current liabilities</b>		<b>39,218</b>	<b>29,253</b>
<b>Total liabilities</b>		<b>49,531</b>	<b>31,844</b>
<b>Total Equity and liabilities</b>		<b>1,84,344</b>	<b>1,65,015</b>
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

Place: New Delhi  
Date: October 26, 2018

Sandeep Gulati  
Chief Financial Officer

Rajeev Beotra  
Chief Executive Officer

**Hindustan Media Ventures Limited**  
**Statement of Profit and Loss for the period ended September 30, 2018**

Particulars	Note No	September 30, 2018	March 31, 2018
		INR Lacs	INR Lacs
<b>I Income</b>			
a) Revenue from operations	18	43,230	88,010
b) Other Income	19	2,946	7,946
<b>Total Income</b>		<b>46,176</b>	<b>95,956</b>
<b>II Expenses</b>			
a) Cost of materials consumed	20	20,531	35,812
b) (Increase)/ decrease in inventories	21	6	(3)
c) Employee benefits expense		5,506	9,355
d) Finance costs	22	980	1,133
e) Depreciation and amortization expense	23	994	1,966
f) Other expenses	24	14,416	24,738
<b>Total expenses</b>	25	<b>42,433</b>	<b>73,001</b>
<b>III Profit before tax(I-II)</b>		<b>3,743</b>	<b>22,955</b>
<b>IV Earnings before interest, tax, depreciation and amortization (EBITDA) [III+II(d+e)]</b>		<b>5,717</b>	<b>26,054</b>
<b>V Tax expense</b>			
Current tax		1,004	5,728
Deferred tax charge/(credit)		114	105
<b>Total tax expense</b>		<b>1,118</b>	<b>5,833</b>
<b>VI Profit for the period (III-V)</b>		<b>2,625</b>	<b>17,122</b>
<b>VII Other Comprehensive Income</b>			
A Items that will not to be reclassified to profit or loss (Net of Tax)		51	24
B Items that will be reclassified to profit or loss (Net of Tax)		29	-
<b>Other comprehensive income for the period net of tax</b>		<b>80</b>	<b>24</b>
<b>VIII Total Comprehensive Income for the period, net of tax ( VI+VII)</b>		<b>2,705</b>	<b>17,146</b>
<b>IX Earnings/ (loss) per share (INR)</b>			
Basic (Nominal value of shares INR 10/-)	26	3.58	23.33
Diluted (Nominal value of shares INR 10/-)	26	3.58	23.33
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

Place: New Delhi  
Date: October 26, 2018

**Sandeep Gulati**      **Rajeev Beotra**  
Chief Financial Officer      Chief Executive Officer

## **Hindustan Media Ventures Limited**

### **Notes to financial statements for the period ended September 30, 2018**

#### **1. Corporate information**

Hindustan Media Ventures Limited ("HMVL" or "the Company") is a Public Limited Company domiciled in India & incorporated under the provision of the Companies Act, 1913. Its shares are listed on Bombay Stock Exchange (BSE) & National Stock Exchange (NSE).

HT Media Limited ("Holding Company") holds 74.30% of Equity Share Capital of the Company. The Company is engaged in the business of publishing 'Hindustan', a Hindi Daily, and two monthly Hindi magazines 'Nandan' and 'Kadambani'. The registered office of the Company is located at Budh Marg, Patna- 800001.

#### **2. Significant accounting policies followed by company**

##### **2.1 Basis of preparation**

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Companies Act 2013 (the "accounting principles generally accepted in India").

The accounting policies are applied consistently to all the periods presented in the financial statements.

The standalone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)
- Defined benefit plans - plan assets measured at fair value;

The standalone financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lacs as per the requirement of Schedule III, unless otherwise stated. Rounding of errors has been ignored.

##### **2.2 Summary of significant accounting policies**

###### **a) Current versus non- current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a

liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between publishing of advertisement and circulation of newspaper and its realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

## **b) Foreign currencies**

### **Transactions and Balances**

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses monthly average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognized as income or as expenses in the period in which they arise. They are deferred in equity if they relate to qualifying cash flow hedges.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

## **c) Fair value measurement**

The Company measures financial instruments, such as, derivatives and certain investments at fair value at each reporting/ balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### **d) Revenue recognition**

Effective April 1, 2018 the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method which is applied to contracts that were not completed as of April 1, 2018.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Goods and Service Tax (GST)/ Service Tax is not received by the Company on its own account. Rather, it is tax collected on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised:

## **Advertisements**

Revenue is recognized as and when advertisement is published/ displayed. Revenue from advertisement is measured at the fair value of the consideration received or receivable, net of allowances, trade discounts and volume rebates.

## **Sale of News & Publications, Waste Paper and Scrap**

The Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

## **Printing Job Work**

Revenue from printing job work is recognized on the stage of completion of job work as per terms of the agreement. Revenue from job work is measured at the fair value of the consideration received or receivable, net of allowances, trade discounts and volume rebates, if any.

## **Interest income**

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

## **Dividends**

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

## **Rental Income**

Rental Income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature unless either:

- Another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished, even if the rentals are not on that basis, or
- The rentals are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If rentals vary according to factors other than inflation, then this condition is not met.

## **e) Taxes**

### **Current income tax**

Tax expense comprises current and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

In the situations where the Company is entitled to a Tax holiday under the Income Tax Act, 1961 enacted in India or Tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the period in which the temporary differences originate. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

### **GST/ value added taxes paid on acquisition of assets or on incurring expenses**

Expenses and assets are recognised net of the amount of GST/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**f) Discontinued operations**

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

**g) Property, plant and equipment**

The Company has applied the one time transition option of considering the carrying cost of property, plant and equipment on the transition date i.e. April 1, 2015 as the deemed cost under Ind-AS.

Property, plant and equipment and Capital Work-in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Cost comprises the purchase price, borrowing costs if capitalization criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

**Recognition:**

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

(a) it is probable that future economic benefits associated with the item will flow to the entity; and

(b) the cost of the item can be measured reliably.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful life. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is



included in the cost of the respective asset if the recognition criteria for a provision are met.

### **Depreciation methods, estimated useful life and residual value**

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

<b>Type of asset</b>	<b>Useful life estimated by management (Years)</b>
Plant and Machinery	2-21
Buildings (Factory)	10-30
Buildings (other than factory buildings)	3-60
Furniture and Fittings	2-10
IT Equipment	3-6
Office Equipment	2-5
Vehicles	8

The Company, based on technical assessment made by the management depreciates certain assets over estimated useful life which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management has estimated, supported by technical assessment, the useful life of certain plant and machinery as 16 to 21 years. These useful life are higher than those indicated in schedule II. The management believes that these estimated useful life are realistic and reflect a fair approximation of the period over which the assets are likely to be used.

Depreciation on the property, plant and equipment is provided over the useful life of assets as specified in Schedule II to the Companies Act, 2013. Property, Plant and Equipment which are added/disposed off during the period, depreciation is provided on pro-rata basis with reference to the month of addition/deletion.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Modification or extension to an existing asset, which is of capital nature and which becomes an integral part thereof is depreciated prospectively over the remaining useful life of that asset.

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as a part of indirect construction cost to the extent the expenditure is related to construction or is incidental thereto. Other indirect costs incurred during the construction periods which are not related to construction activity nor are incidental thereto are charged to Statement of Profit and Loss. Reinvested income earned during the construction period is adjusted against the total of indirect expenditure.

The residual values, useful life and methods of depreciation of property, plant and equipment are reviewed at each period end and adjusted prospectively, if appropriate.

### **h) Investments in associates**

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Company has elected to recognize its investments in associate companies at cost in accordance with the option available in Ind-AS 27, 'Separate Financial Statements'. Except where investments accounted for at cost shall be accounted for in accordance with Ind-AS 105, Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

#### **i) Investment properties**

Investment properties are properties (land and buildings) that are held for long-term rental yields and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Company depreciates building component of investment property over 30 years from the date property is ready for possession.

Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its Investment properties recognised as at 1st April 2015 measured as per the Indian GAAP and use that carrying value as the deemed cost of the Investment Properties.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition.

#### **j) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Value for individual software license acquired from the holding company in an earlier period is allocated based on the valuation carried out by an independent expert at the time of acquisition.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its Intangible assets recognised as at 1st April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the Intangible

assets.

The useful life of intangible assets is assessed as either finite or indefinite.

Intangible assets with finite life are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite life is recognised in the statement of profit and loss.

Intangible assets with indefinite useful life are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite life are amortized on straight line basis using the estimated useful life as follows:

<b>Intangible Assets</b>	<b>Useful life (in years)</b>
Software Licenses	1 - 6
Brand	Indefinite useful life

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

**k) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**l) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**Company as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leasehold improvements represent expenses incurred towards civil works, interiors furnishings, etc. on the leased premises at various locations.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**Company as a lessor**

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on straight line basis over the term of the relevant lease.

**m) Inventories**

Inventories are valued as follows :

Raw materials, stores and spares	Lower of cost and net realizable value. However, material and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
Work- in- progress and finished goods	Lower of cost and net realizable value. Cost includes direct materials and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.
Scrap and waste papers	At net realizable value

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the

sale.

**n) Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded Company's or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent periods, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful life are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

**o) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**p) Retirement and other employee benefits**

**Short term employee benefits and defined contribution plans:**

All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc. are recognised in the statement of profit and loss in the period in which the employee renders the related service.

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

**Gratuity**

Gratuity is a defined benefit scheme. The defined benefit obligation is Computed by actuaries using the projected unit credit method.

The Company recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than 12 months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and

- The date that the Company recognises related restructuring cost

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

### **Compensated Absences**

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Re-measurements, comprising of actuarial gains and losses, are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

### **q) Share-based payments**

Employees (Including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

### **Equity-settled transactions**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The Company has availed option under Ind-AS 101, to apply intrinsic value method to the options already vested before the date of transition and applied Ind-AS 102 Share-based payment to equity instruments that remain unvested as of transition date

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. The SBP Scheme is administered through Employee Stock Option Trust.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting

conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

#### **r) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **Financial assets**

##### **Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

##### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified into two categories:

- Debt instruments at amortised cost
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

##### **Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.



**Debt instruments at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss as "Finance income from mutual funds" under the head "Other Income".

**Equity investments**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading recognised by an acquirer in a business combination to which Ind-AS 103 applies are Ind-AS classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on Initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### **Impairment of financial assets**

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind-AS 11 and Ind-AS 18 (referred to as 'contractual revenue receivables' in these financial statements)

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind- AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss. The Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

### **Financial liabilities**

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

#### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

#### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

### **De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **Embedded derivatives**

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract - with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind-AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## **s) Derivative financial instruments and hedge accounting**

### **Derivative accounting**

#### **Initial recognition and subsequent measurement**

The Company uses derivative financial instruments, such as forward currency contracts. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

### **Hedge Accounting**

#### **Initial recognition and subsequent measurement**

The Company designates (Cash Flow Hedge):

- Intrinsic Value of Call Spread option to hedge foreign currency risk for repayment of Principal Amount in relation to External Commercial Borrowing (ECB) availed in USD.

- Interest Rate Swap (Floating to Fixed) to hedge interest rate risk in respect of Floating rate of interest in relation to ECB.

The Company documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

**Cash flow hedges that qualify for hedge accounting**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

When option contracts are used to hedge foreign currency risk, the Company designates only the intrinsic value of the option contract as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the option contracts are recognised in the cash flow hedging reserve within equity. The changes in the time value of the option contracts that relate to the hedged item ('aligned time value') are recognised within other comprehensive income in the costs of hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The time value of an option used to hedge represents part of the cost of the transaction.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss within other gains/(losses).

**t) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**u) Cash dividend and non- cash distribution to equity holders of the parent**

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

**v) Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

**w) Measurement of EBITDA**

The Company has elected to present earnings before interest expense, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the face of profit/ (loss) from continuing operations. In the measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

**x) Earnings per Share**

**Basic earnings per share**

Basic earnings per share are calculated by dividing:

-the profit attributable to owners of the Company

-by the weighted average number of equity shares outstanding during the period, adjusted for bonus elements in equity shares issued during the period.

**Diluted earnings per share**

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

-the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

-the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Hindustan Media Ventures Limited  
Notes to financial statements for the period ended September 30, 2018

Note 3 : Property, Plant and Equipment and Capital Work-in-Progress

Particulars	(INR Lacs)								
	Land Freehold	Land Leasehold	Buildings	Improvement to Leasehold Premises	Plant and Machinery	Office Equipments	Furniture	Vehicles	Total
<b>Cost or Valuation</b>									
<b>As at March 31, 2017</b>	981	1,240	4,270	1,011	13,063	329	147	54	21,095
Additions	-	-	6	2	137	33	303	-	481
Disposals/ Adjustments	-	-	-	-	1	1	-	19	21
Transfer of Discontinued Operations									
<b>As at March 31, 2018</b>	981	1,240	4,276	1,013	13,199	361	450	35	21,555
Additions	-	2,535	648	2	2,861	65	9	-	6,120
Disposals/ Adjustments	-	-	-	24	79	25	12	35	175
<b>As at September 30, 2018</b>	981	3,775	4,924	991	15,981	401	447	-	27,500
<b>Depreciation/ Impairment</b>									
<b>As at March 31, 2017</b>	-	30	436	378	2,996	162	56	9	4,067
Charge for the period	-	15	224	163	1,410	61	18	5	1,896
Disposals	-	-	-	-	1	1	-	8	10
Impairment	-	-	-	-	14	-	-	-	14
<b>As at March 31, 2018</b>	-	45	660	541	4,419	222	74	6	5,967
Charge for the period	-	21	120	78	693	34	29	1	976
Impairment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	12	74	23	8	7	124
<b>As at September 30, 2018</b>	-	66	780	607	5,038	233	95	-	6,819
<b>Net Block</b>									
<b>As at September 30, 2018</b>	981	3,709	4,144	384	10,943	168	352	-	20,681
<b>As at March 31, 2018</b>	981	1,195	3,616	472	8,780	139	376	29	15,588

	(INR Lacs)	
	September 30, 2018	March 31, 2018
Property, Plant and Equipment	20,681	15,588
Capital Work In Progress	281	959
<b>Total</b>	<b>20,962</b>	<b>16,547</b>

**Note 4 : Investment Property**

Particulars	(INR Lacs)	
	Amount	
<b>Closing balance at March 31, 2017</b>		<b>618</b>
Additions		-
Disposals		-
<b>Closing balance at March 31, 2018</b>		<b>618</b>
Additions		-
Disposals		-
<b>Closing balance at September 30, 2018</b>		<b>618</b>
<b>Depreciation and impairment</b>		
<b>Closing balance at March 31, 2017</b>		<b>-</b>
Depreciation		-
Impairment		-
<b>Closing balance at March 31, 2018</b>		<b>-</b>
Depreciation		-
Impairment		-
<b>Closing balance at September 30, 2018</b>		<b>-</b>
<b>Net Block</b>		
<b>As at September 30, 2018</b>		<b>618</b>
<b>As at March 31, 2018</b>		<b>618</b>



**Note 5 : Intangible Assets and Intangible Assets under development**

Particulars	(INR Lacs)			
	Website Development	Software Licenses	Brand	Total (Intangible Assets)
<b>Cost or Valuation</b>				
<b>As at March 31, 2017</b>	<b>2</b>	<b>236</b>	<b>6,696</b>	<b>6,934</b>
Additions	-	42	-	42
Disposals/ Adjustments	-	2	-	2
<b>As at March 31, 2018</b>	<b>2</b>	<b>276</b>	<b>6,696</b>	<b>6,974</b>
Additions	-	11	-	11
Disposals/ Adjustments	-	-	-	-
<b>As at September 30, 2018</b>	<b>2</b>	<b>287</b>	<b>6,696</b>	<b>6,985</b>
<b>Amortization</b>				
<b>As at March 31, 2017</b>	<b>2</b>	<b>82</b>	<b>-</b>	<b>84</b>
Charge for the period	-	70	-	70
Disposals	-	2	-	2
<b>As at March 31, 2018</b>	<b>2</b>	<b>150</b>	<b>-</b>	<b>152</b>
Charge for the period	-	18	-	18
Disposals	-	-	-	-
<b>As at September 30, 2018</b>	<b>2</b>	<b>168</b>	<b>-</b>	<b>170</b>
<b>Net Block</b>				
<b>As at September 30, 2018</b>	<b>-</b>	<b>119</b>	<b>6,696</b>	<b>6,815</b>
<b>As at March 31, 2018</b>	<b>-</b>	<b>126</b>	<b>6,696</b>	<b>6,822</b>

	(INR lacs)	
	September 30, 2018	March 31, 2018
<b>Intangible assets</b>	6,815	6,822
<b>Intangible asset under development</b>	-	7
<b>Total</b>	<b>6,815</b>	<b>6,829</b>

**Note 6A: Financial Assets- Investments**

Particulars	September 30, 2018	March 31, 2018
<b>Investment at fair value through profit and loss</b>		
Investment in Mutual Funds	1,10,740	1,10,588
<b>Investment at amortised cost</b>		
Investment in Bonds	910	840
<b>Total Investments</b>	<b>1,11,650</b>	<b>1,11,428</b>
Non - Current	56,604	57,310
Current	55,046	44,118

**Note 6B :Financial assets- Loans**

	September 30, 2018	March 31, 2018
(INR Lacs)		
<b>Unsecured considered good (at amortised cost)</b>		
Inter-Corporate Deposits	2,200	1,000
Security Deposit	591	490
<b>Total Loans</b>	<b>2,791</b>	<b>1,490</b>
Non - Current	1,791	950
Current	1,000	540

**Note 6C :Other Financial Assets**

(INR Lacs)

	September 30, 2018	March 31, 2018
<b>I. Derivatives at Fair Value through profit and loss</b>		
- Derivative contract	698	69
<b>Total I</b>	<b>698</b>	<b>69</b>
<b>II. Other Financial Assets at Amortised Cost</b>		
Balance with Banks :		
- Margin money (held as security in form of fixed deposit)	19	19
Interest accrued on inter corporate deposits and others	186	50
Other Receivables	589	916
<b>Total II</b>	<b>794</b>	<b>985</b>
<b>Total Other Financial Assets (I) +(II)</b>	<b>1,492</b>	<b>1,054</b>
<b>Non - Current</b>	<b>43</b>	<b>22</b>
<b>Current</b>	<b>1,449</b>	<b>1,032</b>

**Hindustan Media Ventures Limited**  
**Notes to financial statements for the period ended September 30, 2018**

**Schedule 7: Income tax assets**

Particulars	(INR lacs)	
	September 30, 2018	March 31, 2018
Current tax assets (net)	115	115
<b>Non- Current</b>	<b>115</b>	<b>115</b>
<b>Current</b>	<b>-</b>	<b>-</b>

**Note 8 : Other non- current assets**

Particulars	(INR lacs)	
	September 30, 2018	March 31, 2018
Capital Advance	262	1,223
Prepaid expenses	-	3
Deferred Premium Call Spread	342	-
<b>Total</b>	<b>604</b>	<b>1,226</b>

**Note 9 : Inventories**

Particulars	(INR lacs)	
	September 30, 2018	March 31, 2018
Raw Materials (valued at lower of cost and net realisable value)	4,291	3,946
Work- in- Progress (valued at lower of cost and net realisable value)	9	2
Stores and spares (valued at lower of cost and net realisable value)	979	870
Scrap and waste papers (At net realizable value)	28	38
Finished stock (valued at lower of cost and net realisable value)	-	3
<b>Total Inventories</b>	<b>5,307</b>	<b>4,859</b>

**Note 10 A : Trade Receivables**

Particulars	(INR lacs)	
	September 30, 2018	March 31, 2018
Trade receivables	16,381	13,281
Receivables from related parties	740	740
<b>Total</b>	<b>17,121</b>	<b>14,021</b>

**Note 10 B : Cash and cash equivalents**

(INR lacs)

Particulars	September 30, 2018	March 31, 2018
<b>Balance with banks :</b>		
- On current accounts	515	1,860
Balance in Deposit Accounts	875	-
Cheques in hand	3,400	3,606
Cash on hand	182	148
<b>Total</b>	<b>4,972</b>	<b>5,614</b>

**Note 10 C: Other bank balances**

(INR lacs)

Particulars	September 30, 2018	March 31, 2018
Balance in Deposit Accounts	3,220	-
Unclaimed dividend account#	7	6
<b>Total</b>	<b>3,227</b>	<b>6</b>

# These balances are not available for use by the company as they represent corresponding unclaimed dividend liabilities.

**Note 11 : Other current assets**

(INR lacs)

Particulars	September 30, 2018	March 31, 2018
Prepaid expenses	1,264	88
Advances given	6,090	678
Deferred Premium Call Spread	170	-
Balance with government authorities	1,146	442
<b>Total</b>	<b>8,670</b>	<b>1,208</b>

Hindustan Media Ventures Limited  
Notes to financial statements for the period ended September 30, 2018

**Note 12 : Share Capital**  
**Authorised Share Capital**

Particulars	No. of shares	Amount (INR lacs)
At March 31, 2017	8,70,00,000	8,700
Increase during the period	-	-
At March 31, 2018	8,70,00,000	8,700
Increase during the period	-	-
At September 30, 2018	8,70,00,000	8,700

**Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Issued, subscribed and paid-up share capital**

Equity shares of INR 10 each issued, subscribed and fully paid-up	No. of shares	Amount (INR lacs)
At March 31, 2017	7,33,93,770	7,339
Changes during the period	-	-
At March 31, 2018	7,33,93,770	7,339
Changes during the period	-	-
At September 30, 2018	7,33,93,770	7,339

**Reconciliation of the equity shares outstanding at the beginning and at the end of the period :**

Particulars	September 30, 2018		March 31, 2018	
	No. of shares	Amount (INR lacs)	No. of shares	Amount (INR lacs)
Shares outstanding at the beginning of the period	7,33,93,770	7,339	7,33,93,770	7,339
Shares issued during the period	-	-	-	-
Shares bought back during the period	-	-	-	-
Shares outstanding at the end of the period	7,33,93,770	7,339	7,33,93,770	7,339

**Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates**

Out of equity shares issued by the company, shares held by its holding company are as below:

Particulars	(INR Lacs)	
	September 30, 2018	March 31, 2018
HT Media Limited, the holding company		
54,533,458 (previous period 54,533,458) equity shares of INR 10 each fully paid	5,453	5,453

**Note 13 : Other Equity**

Particulars	(INR Lacs)	
	September 30, 2018	March 31, 2018
Share Premium	24,239	24,239
Capital Redemption Reserve	1	1
Capital Reserve	7,965	7,965
General Reserve	688	688
Retained Earnings	94,552	92,939
Other Comprehensive Income	29	-
<b>Total</b>	<b>1,27,474</b>	<b>1,25,832</b>

**Share Premium**

Particulars	Amount (INR lacs)
At March 31, 2017	24,239
Changes during the period	-
At March 31, 2018	24,239
Changes during the period	-
At September 30, 2018	24,239

**Capital Redemption Reserve**

Particulars	Amount (INR lacs)
At March 31, 2017	1
Changes during the period	-
At March 31, 2018	1
Changes during the period	-
At September 30, 2018	1

**Capital Reserve**

Particulars	Amount (INR lacs)
At March 31, 2017	7,965
Changes during the period	-
At March 31, 2018	7,965
Changes during the period	-
At September 30, 2018	7,965

**General Reserve**

Particulars	Amount (INR lacs)
At March 31, 2017	688
Changes during the period	-
At March 31, 2018	688
Changes during the period	-
At September 30, 2018	688

**Retained Earnings**

Particulars	(INR Lacs)	
	September 30, 2018	March 31, 2018
Opening Balance	92,939	76,856
Net Profit for the period	2,625	17,119
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	51	24
Less: Final Dividend Paid for March 2018: INR 1.2 per share	881	881
Less: Tax on Proposed Dividend	182	179
<b>Closing Balance</b>	<b>94,552</b>	<b>92,939</b>

**Other Comprehensive Income**

Particulars	(INR Lacs)	
	September 30, 2018	March 31, 2018
Opening Balance	-	-
Items that can be reclassified to P&L- Cash Flow Hedge Reserve (net of tax)	29	-
<b>Closing Balance</b>	<b>29</b>	<b>-</b>

**Hindustan Media Ventures Limited**  
**Notes to financial statements for the period ended September 30, 2018**

**Note 14 A : Borrowings**

Particulars	(INR Lacs)	
	September 30, 2018	March 31, 2018
<b>From Banks</b>		
<b>Secured</b>		
Buyer's credit from Yes Bank	-	3,921
External Commercial Borrowing from Citi Bank	7,248	-
Over Draft Facility - from Deutsche Bank	3,034	-
Overdraft Facility from HDFC Bank	410	-
<b>Unsecured</b>		
Buyer's credit from DBS Bank	-	3,456
Buyer's credit from Bank of Tokyo-Mitsubishi	898	179
Overdraft from BNP Paribas		1
Overdraft Facility from Citi Bank	1	-
Commercial Papers from Invesco	6,000	-
Commercial Papers from UTI	11,000	-
Commercial Papers from ICICI Bank	-	4,000
<b>Net Borrowings</b>	<b>28,592</b>	<b>11,557</b>
<b>Non-Current Borrowings</b>	<b>7,248</b>	<b>-</b>
<b>Current Borrowings</b>	<b>21,344</b>	<b>11,557</b>
<b>Aggregate Secured Loans</b>	<b>10,692</b>	<b>3,921</b>
<b>Aggregate Unsecured Loans</b>	<b>17,899</b>	<b>7,636</b>

**Note 14 B : Trade Payables**

Particulars	(INR Lacs)	
	September 30, 2018	March 31, 2018
<b>Trade Payables</b>		
-Related Parties	453	412
-Others	9,591	9,386
<b>Total</b>	<b>10,044</b>	<b>9,798</b>
<b>Non- Current</b>	<b>-</b>	<b>-</b>
<b>Current</b>	<b>10,044</b>	<b>9,798</b>



**Hindustan Media Ventures Limited**  
**Notes to financial statements for the period ended September 30, 2018**

**Note 14 C : Other financial liabilities**

Particulars	(INR Lacs)	
	September 30, 2018	March 31, 2018
<b>I. Derivatives at fair value through profit and loss</b>		
- Derivative contract	12	-
<b>Total (I)</b>	<b>12</b>	<b>-</b>
<b>II. Other financial liabilities at amortized cost</b>		
Book Overdraft	5	1
Sundry deposits	4,194	4,073
Interest accrued but not due on borrowings and others	34	88
Unclaimed dividend #	7	6
Liability-Premium Call Option (Secured)	540	-
Others	154	223
<b>Total (II)</b>	<b>4,934</b>	<b>4,391</b>
<b>Total other financial liabilities (I+II)</b>	<b>4,946</b>	<b>4,391</b>
<b>Non- Current</b>	360	-
<b>Current</b>	4,586	4,391
# Amount payable to Investor Education and Protection Fund	Nil	Nil

**Note 15 : Provisions**

Particulars	(INR Lacs)	
	September 30, 2018	March 31, 2018
<b>Provision for employee benefits</b>		
Provision for Leave Benefits	81	136
Provision for Gratuity	71	83
<b>Total</b>	<b>152</b>	<b>219</b>
<b>Non- Current</b>	-	-
<b>Current</b>	152	219

**Note 16 : Income tax liabilities (net)**

Particulars	(INR Lacs)	
	September 30, 2018	March 31, 2018
Income Tax Liability (net)	1,515	1,425
<b>Total</b>	<b>1,515</b>	<b>1,425</b>

**Note 17 : Other current liabilities**

Particulars	(INR Lacs)	
	September 30, 2018	March 31, 2018
Advances from Customers	977	1,158
Customer credit balances	404	456
Statutory dues	173	227
Deferred Revenue	23	22
<b>Total</b>	<b>1,577</b>	<b>1,863</b>

**Hindustan Media Ventures Limited**  
**Notes to financial statements for the period ended September 30, 2018**

**Note 18 : Revenue from operations**

Particulars	(INR Lacs)	
	September 30, 2018	March 31, 2018
<b>Sale of products</b>		
- Sale of newspaper and publications	10,706	20,197
<b>Sale of services</b>		
- Advertisement Revenue	31,529	66,037
- Job work revenue and commission income	239	524
<b>Other operating revenues</b>		
- Sale of scrap, waste papers and old publication	716	1,187
- Others	40	65
<b>Total</b>	<b>43,230</b>	<b>88,010</b>

**Note 19 : Other Income**

Particulars	(INR Lacs)	
	September 30, 2018	March 31, 2018
Interest income on		
- Bank deposits	118	5
- Loan to fellow subsidiary	88	47
- Others	21	58
<b>Other non - operating income</b>		
Foreign exchange difference	-	13
Profit on sale of shares of an associate	-	225
Unclaimed balances/unspent liabilities written back (net)	3	408
Rental income	391	755
Profit on sale of Fixed Assets	10	-
Finance Income from Mutual Funds	2,234	5,935
Profit on sale of investments	-	41
Unwinding of discount on security deposit	-	12
Miscellaneous Income	81	447
<b>Total</b>	<b>2,946</b>	<b>7,946</b>

**Note 20 : Cost of materials consumed**

Particulars	(INR Lacs)	
	September 30, 2018	March 31, 2018
<b>Consumption of raw material</b>		
Inventory at the beginning of the period	3,946	3,785
Add: Purchase during the period	20,989	36,143
Less : Sale of damaged newsprint	113	170
	<b>24,822</b>	<b>39,758</b>
Less: Inventory at the end of the period	4,291	3,946
<b>Total</b>	<b>20,531</b>	<b>35,812</b>

**Note 21 : (Increase)/ decrease in inventories**

Particulars	(INR Lacs)	
	September 30, 2018	March 31, 2018
<b>Inventory at the beginning of the period</b>		
- Finished Goods	3	3
- Work -in- progress	2	5
- Scrap and waste papers	38	32
<b>Inventory at the end of the period</b>		
- Finished Goods	-	3
- Work -in- progress	9	2
- Scrap and waste papers	28	38
<b>(Increase)/ decrease in inventories</b>		
- Finished Goods	3	-
- Work -in- progress	(7)	3
- Scrap and waste papers	10	(6)
<b>Total</b>	<b>6</b>	<b>(3)</b>

**Note 22 : Employee benefits expense**

Particulars	(INR Lacs)	
	September 30, 2018	March 31, 2018
Salaries, wages and bonus	5,151	8,545
Contribution to provident and other funds	205	413
Gratuity expense	60	117
Workmen and Staff welfare expenses	90	280
<b>Total</b>	<b>5,506</b>	<b>9,355</b>

**Note 23 : Finance costs**

Particulars	(INR Lacs)	
	September 30, 2018	March 31, 2018
Interest on debts and borrowings	833	948
Exchange difference regarded as an adjustment to borrowing costs	120	142
Bank charges	27	43
<b>Total</b>	<b>980</b>	<b>1,133</b>

**Note 24 : Depreciation and amortization expense**

Particulars	(INR Lacs)	
	September 30, 2018	March 31, 2018
Depreciation of tangible assets	976	1,896
Amortization of intangible assets	18	70
<b>Total</b>	<b>994</b>	<b>1,966</b>

**Note 25 : Other expenses**

Particulars	(INR Lacs)	
	September 30, 2018	March 31, 2018
Consumption of stores and spares	1,273	2,588
Printing and service charges	1,869	3,685
News service and dispatches	226	464
News Content Sourcing Fees	3,765	6,868
Service Charges on Ad Revenue	316	597
Power and fuel	804	1,330
Advertising and sales promotion	1,903	2,050
Freight and Forwarding charges	635	1,203
Rent	383	755
Rates and taxes	19	47
Insurance	91	173
Repairs and maintenance:		
- Plant and machinery	328	456
-Building	34	39
-Others	8	9
Travelling and conveyance	685	1,284
Communication costs	155	314
Legal and professional fees	705	1,356
Payment to auditor	24	61
Director's sitting fees	7	14
Exchange differences	(6)	-
Impairment for doubtful debts and advances ( includes bad debts written off)	540	264
Loss on sale of fixed assets (includes impairment of fixed asset)	-	14
Donations/ Contributions	39	39
Miscellaneous expenses	613	1,128
<b>Total</b>	<b>14,416</b>	<b>24,738</b>

**Hindustan Media Ventures Limited****Notes to financial statements for the period ended September 30, 2018****Note 26 : Earnings per share (EPS)**

Basic EPS amounts are calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the period.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the period plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

<b>Particulars</b>	<b>September 30, 2018</b>	<b>March 31, 2018</b>
<b>Profit attributable to equity holders (INR Lacs)</b>	<b>2,625</b>	<b>17,122</b>
<b>Weighted average number of Equity shares for basic and diluted EPS (lacs)</b>	<b>733.90</b>	<b>733.90</b>
<b>Earnings per share</b>		
Basic EPS (INR)	<b>3.58</b>	<b>23.33</b>
Diluted EPS (INR)	<b>3.58</b>	<b>23.33</b>

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of India Education Services Private Limited

### **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of India Education Services Private Limited ("the Company"), which comprise the Balance Sheet as at September 30, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity, the Statement of Cash Flows, for the six months ended September 30, 2018 and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

### **Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements, that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. While conducting the Audit, we have taken into account the provisions of the Act, the accounting standards and standards on auditing and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of

the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India [Recognition and measurement principles], of the financial position of the Company as at September 30, 2018, and its financial performance including other comprehensive income, the changes in equity and its cash flows for the six months ended September 30, 2018.

### **Report on Other Legal and Regulatory Requirements**

1. As required under provisions of Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Ind AS financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Ind AS financial statements have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, the Statement of changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Ind AS financial statements.
  - d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

### **Restriction on use**

Our report is intended solely for use of the Management and for inclusion in the disclosures in connection with the proposed Scheme of Arrangement under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 between the Company and Hindustan Media Ventures Limited. Our report should not be used for any other purpose except with our consent in writing.

**For MRKS and Associates**  
**Chartered Accountants**  
**Firm's Registration No.: 023711N**

**per Saurabh Kuchhal**  
**Partner**  
**Membership No.: 512362**

**New Delhi**  
**Date: January 15, 2019**



India Education Services Private Limited			
Balance Sheet as at Sept 30, 2018			
		As at 30 Sept 2018	As at 31 March 2018
	Note	(Rs in 000)	(Rs in 000)
<b>ASSETS</b>			
<b>1) Non-current assets</b>			
(a) Property, plant and equipment	7	10,291	14,511
(b) Intangible assets	4	2,067	470
(c) Financial assets under development	4	-	2,673
<b>(b) Financial assets</b>			
(i) Cash	5	6,095	5,712
(ii) Income Tax (refundable)	6	1,251	1,191
(iii) Other non-current assets	7	76,616	72,933
<b>Total Non-current assets</b>		<b>96,783</b>	<b>98,568</b>
<b>2) Current assets</b>			
<b>(a) Financial assets</b>			
(i) Trade receivables	8A	2,249	1,114
(ii) Cash and cash equivalents	8B	12,414	26,527
(iii) Other bank balances	8C	24	24
(iv) Other financial assets	9A	617	7,751
(b) Other current assets	9	1,310	1,195
<b>Total Current assets</b>		<b>16,614</b>	<b>36,711</b>
<b>Total Assets</b>		<b>113,397</b>	<b>135,279</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1) Equity</b>			
(a) Equity share capital	10	30,000	1,66,000
(b) Other equity	11	1176,070	11,707,074
<b>Total equity</b>		<b>1206,070</b>	<b>12,367,074</b>
<b>2) Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	12A	232,098	104,214
(ii) Provisions	12B	540	795
<b>Total Non-current liabilities</b>		<b>232,638</b>	<b>105,009</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	13A	27,011	19,544
(ii) Other financial liabilities	13B	421	1,515
(b) Provisions	12C	58	35
(c) Other current liabilities	14	1,071	11,927
<b>Total Current liabilities</b>		<b>28,561</b>	<b>32,421</b>
<b>Total liabilities</b>		<b>261,199</b>	<b>137,430</b>
<b>Total Equity and Liabilities</b>		<b>1174,871</b>	<b>12,504,504</b>
<b>Summary of Significant accounting policies</b>			
1			

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For MRS S & Associates  
Chartered Accountants  
ICAI Firm Registration No. 102111N

For and on behalf of the Board of Directors of  
India Education Services Private Limited

per Saurabh Kuchhal  
Partner  
Membership No. 102167

Prakash Gupta  
Director  
PAN No. 59455591

Dinesh Mittal  
Director  
PAN No. 60205769

Place: New Delhi  
Date: January 15, 2019

**India Education Services Private Limited**  
**Statement of Profit and Loss for the period ended Sept 30, 2018**

Particulars	Notes	30 Sept 2018	31 March 2018
		(Rs in '000)	(Rs in '000)
<b>I Income</b>			
a) Revenue from operations	12	10,765	10,456
b) Other income	16	549	2,520
<b>Total Income</b>		<b>11,314</b>	<b>12,976</b>
<b>II Expenses</b>			
a) Employee benefits expense	17	3,938	19,321
b) Finance costs	18	8,820	1,641
c) Depreciation and amortisation expense	19	2,501	6,145
d) Impairment of non-current assets	20	-	796
e) Other expenses	21	26,775	22,849
<b>Total expenses</b>		<b>41,104</b>	<b>55,152</b>
<b>III Profit/(loss) before tax (I-II)</b>		<b>(29,790)</b>	<b>(42,176)</b>
<b>IV Earnings/(Loss) before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>(21,301)</b>	<b>(395,430)</b>
<b>V Tax expense</b>	22A		
- Current Tax			
- Deferred Tax			
<b>Total Tax expense</b>			
<b>VI Profit/(loss) for the period after tax (III-V)</b>		<b>(29,790)</b>	<b>(42,176)</b>
<b>VII Other Comprehensive Income</b>			
a) Items that will not be reclassified to profit or loss			
(i) Remeasurement of the defined pension plan	23	308	1,764
(ii) Income tax relating to items that will not be reclassified to profit or loss			
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<b>308</b>	<b>1,764</b>
<b>VIII Total Comprehensive Income/(loss) for the period, net of tax (VI+VII)</b>		<b>(29,482)</b>	<b>(40,412)</b>
<b>IX Earnings/(Loss) per equity share</b>			
Basic (Nominal value of share Rs. 10/-)	24	(0.35)	(1.35)
Diluted (Nominal value of share Rs. 10/-)	24	(0.35)	(1.35)
Summary of Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For ANKNA Associates  
 Chartered Accountants  
 B-24 Park Road, Sector-16, Gurgaon

For and on behalf of the Board of Directors of  
 India Education Services Private Limited

per Saurabh Kishor  
 Partner  
 Membership No. 31363

Place: New Delhi  
 Date: January 15, 2019

Ajay Gupta  
 Director  
 DIN No. 01193562

Dinesh Varsh  
 Director  
 DIN No. 02005165

India Education Services Private Limited  
Cash Flow Statement for the period ended Sept 30, 2018

Particulars	30 Sept 2018 (Rs in '000)	31 March (Rs in '000)
Profit/(Loss) before tax	(32,692)	(221,377)
<i>Adjustments to reconcile profit/loss to net cash flow:</i>		
Depreciation of property, plant and equipment (refer note 19)	2,475	1,359
Amortization of intangible assets (refer note 19)	86	83
Impairment of property, plant and equipment (refer note 23)	-	396
Unrealised Foreign Exchange differences	-	583
Loss/(Gain) on disposal of property, plant and equipment	-	610
Finance Cost	8,763	5,181
Interest income from deposit and others	(749)	(1,611)
Operating profit before working capital changes	(22,130)	(209,476)
<i>Working capital adjustments:</i>		
Increase/(Decrease) in trade payables	106,137	66,864
Increase/(Decrease) in long-term share-based payments	134	(1,519)
Increase/(Decrease) in other current liabilities	(4,445)	(1,911)
Decrease/(Increase) in trade receivables	(1,234)	(1,212)
Decrease/(Increase) in other current assets	2,515	1,851
Decrease/(Increase) in other non-current assets	(4,353)	(5,244)
Total cash flow from operations	(113,488)	\$7,214
Income Tax paid (net of refunds)	(77)	4,328
Net cash outflow from operating activities (A)	(115,685)	(150,934)
Cash flow from investing activities		
Proceeds from sale of property, plant and equipment	-	3,101
Purchase of property, plant and equipment/ intangible assets	(355)	(5,090)
Interest received	50	1,116
Net cash flows from/used in investing activities (B)	148	1,127
Cash flow from financing activities		
Proceeds from Inter-Corporate Deposit	177,884	125,000
Repayment of Inter-Corporate Deposit	-	(25,400)
Interest Paid	(2,760)	(968)
Net cash flows from/used in financing activities (C)	119,124	99,632
Net increase in cash and cash equivalents (D=A+B+C)	(16,413)	(50,115)
Cash and cash equivalents at the beginning of the year (E)	25,827	78,942
Cash and cash equivalents at the end of year (D+E)	12,414	28,827
Particulars	30 Sept 2018	31 March 2018
Components of cash and cash equivalents at the end of the year		
Balance with Banks		
- in current account	2,267	28,827
- in deposit account	10,147	-
Cash and Cash equivalents as per cash flow statement	12,414.00	28,827

The accompanying notes are an integral part of the financial statements

As per our report of even date

For MRS& Associates  
Chartered Accountants  
K.V. Firm Registration No. 0237118

Dr. Saunth Kachha  
Partner  
Membership No. 317567

Place: New Delhi  
Date: January 15, 2019

For and on behalf of the Board of Directors of  
India Education Services Private Limited

Piyush Gupta  
Director  
DIN No. 03153391

Dinesh Mittal  
Director  
DIN No. 00105760

India Education Services Private Limited  
Statement of changes in equity for the period ended Sept 30, 2018

A. Equity Share Capital (Refer note 10)

Equity Shares of INR 10 each issued, subscribed and fully paid up

Particulars	Equity Share capital	
	Number	(Rs in '000)
Balance as at March 31, 2017	1,84,00,000	1,84,000
Changes in share capital during the year	-	-
Balance as at March 31, 2018	1,84,00,000	1,84,000
Changes in share capital during the period	(15,400,000)	(1,64,000)
Balance as at Sept 30, 2018	2,00,000	20,000

B. Other Equity Attributable To Equity Holders (Refer note 11)

Particulars	(Rs in '000)	
	Retained earnings	
Balance as at March 31, 2017	(1,088,061)	
Changes during the year	(221,377)	
Other comprehensive income	1,764	
Balance as at March 31, 2018	(1,307,674)	
Reduction in Share Capital	1,154,000	
Changes during the period	(32,692)	
Other comprehensive income	308	
Balance as at Sept 30, 2018	(176,059)	

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For MRS&S & Associates

Chartered Accountants

ICAI Firm Registration No. 023711N

For and on behalf of the Board of Directors of

India Education Services Private Limited

per Sarabhi Kulkarni

Partner

Membership No. 512162

Place: New Delhi

Date: January 15, 2019

Piyush Gupta

Director

D.N. No. 03155591

Dinesh Miral

Director

DIN No. 00105769

## India Education Services Private Limited

Notes to financial statements for the period ended September 30, 2018

*These financial statements have been prepared in accordance with Indian Accounting Standards (Ind-AS)*

### 1. Corporate information

India Education Services Private Limited ("IESPL or The Company") is a private company domiciled in India and incorporated under the provisions of the Companies Act, 1956. HT Media Limited holds 99% and Apollo Global Singapore Holdings Pte Ltd holds 1% stake in the Company. The Company is into the business of providing academic and related services to educational institutions and operates and manages learning centers in India.

The registered office of the Company is located at Hindustan Times House, 18-20, Kasturba Gandhi Marg, New Delhi -110088.

The financial statements of the Company for the six months ended September 30, 2018 are authorised for issue in accordance with a resolution of the Board of Directors on January 15, 2019.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind-AS") notified under the Companies (Indian Accounting Standard) Rules, 2015 (as amended) [Recognition and measurement principles].

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousands as per the requirement of Schedule III, unless otherwise stated.

The financial statements are presented in INR, which is also the Company's functional currency.

#### 2.2 Summary of significant accounting policies

##### a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months

*1.2.2.2. Other liabilities*

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after the reporting period.

The Company classifies all other liabilities as non-current.

The operating cycle is the time between admission of students and delivery of programs and its realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

**b) Foreign currencies**

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognized as income or as expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**c) Fair value measurement**

The Company measures financial instruments at fair value at each reporting/ balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

*The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### d) Revenue recognition

Effective April 1, 2018 the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method which is applied to contracts that were not completed as of April 1, 2018.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks.

Goods and Service Tax (GST)/ Service Tax is not received by the Company on its own account. Rather, it is tax collected on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised:

Revenue is recognized when persuasive evidence of an arrangement exists, services have been rendered or delivery has occurred, fee or price to the customer is fixed or determinable and collectability is reasonably assured.

- Tuition and educational services encompasses all educational delivery modalities (i.e. online, on-campus etc.) and
- Revenue is recognized (Tuition fee less registration fee, net of discounts) over the period of instruction as services are delivered to students, which may vary depending on the program structure. Following situations may arise
  - **Regular Students:** Revenue is recognized over the period of instruction for the program.

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Notes to financial statements for the period ended September 30, 2018

### *e) Revenue recognition*

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- **Students on Break:** Revenue is deferred till the time student joins back and revenue is recognized once the student's period of instructions starts again.
  - **Drop out students:** Revenue is recognized to the extent instructions are delivered and payment is received.
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- Students are billed separately for each program, resulting in the recording of a receivable from the student and deferred revenue in the amount of the billing.
  - The Company generally recognizes revenue evenly over the period of instruction (e.g. five weeks for a five-week course) as services are delivered to the student.
  - For students who enrolls at Company's programs on risk free basis (100% scholarship, Ambassador program, Trials), the Company does not recognize revenue for that program until students decide to continue beyond the risk free period, which is when the fees become fixed and determinable.
  - The Company reassesses collectability throughout the period revenue is recognized when there are changes in facts or circumstances that indicate collectability is no longer reasonably assured.
  - Security deposit collected from students are refundable post completion of the program and are not recognized as revenue.

### **Interest income**

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

### **Rental Income**

Rental Income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

### **e) Taxes**

#### **Current income tax**

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which



applicable tax regulations are subject to interpretation and establishes provisions where appropriate

#### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### **GST/ value added taxes paid on acquisition of assets or on incurring expenses:**

Expenses and assets are recognised net of the amount of GST/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

#### **(f) Property, plant and equipment**

The Company has applied one time transition option of considering the carrying cost of Property, plant and equipment on the transition date i.e. April 1, 2015 as the deemed cost under Ind- AS.

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met

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Notes to financial statements for the period ended September 30, 2018

### 1. *Property, plant and equipment (net of depreciation)*

Cost comprises the purchase price, borrowing costs if capitalization criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

#### Recognition:

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if: (a) it is probable that future economic benefits associated with the item will flow to the entity; and (b) the cost of the item can be measured reliably.

All other expenses on existing assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increased the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The Company identifies and determines cost of asset significant to the total cost of the asset having useful life that is materially different from that of the remaining life.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Type of asset	Useful lives estimated by management (Years)
IT Equipments- Servers & Networks	6
IT Equipments- End User devices	3
Office Equipments	5
Furniture and Fittings	10

Depreciation on the property, plant and equipment is provided over the useful life of assets as specified in Schedule II to the Companies Act, 2013. Property, Plant and Equipment which are added/disposed off during the period, Depreciation is provided on pro-rata basis with reference to the month of addition/deletion.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income

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**Notes to financial statements for the period ended September 30, 2018**

*(All amounts in Indian Rupees unless otherwise stated)*

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statement when the asset is derecognised.

Modification or extension to an existing asset, which is of capital nature and which becomes an integral part thereof is depreciated prospectively over the remaining useful life of that asset.

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as a part of indirect construction cost to the extent the expenditure is related to construction or is incidental thereto. Other indirect costs incurred during the construction periods which are not related to construction activity nor are incidental thereto are charged to Statement of Profit and Loss. Reinvested income earned during the construction period is adjusted against the total of indirect expenditure.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial period end and adjusted prospectively, if appropriate.

**g) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

On transition to Ind-AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at April, 2015 measured as per the Indian GAAP and use that carrying value as the deemed cost of the intangible assets.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Intangible assets are with finite life amortized on straight line basis using the estimated useful life as follows:

<b>Intangible assets</b>	<b>Useful lives</b>
Curriculum	3
Software	6

The above periods also represent the management estimated economic useful life of the respective intangible assets.

#### **b) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

#### **Company as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

#### **Finance Leases:**

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leasehold improvements represent expenses incurred towards civil works, interiors furnishings, etc. on the leased premises at various locations.

#### **Operating Leases:**

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

#### **Company as a lessor**

#### **Finance Leases:**

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

### Operating Leases:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rents are recognised as revenue in the period in which they are earned.

### i) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded Company's or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

**j) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**k) Employee Benefits**

**Short term employee benefits and defined contribution plans:**

All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc. are recognised in the statement of profit and loss in the period in which the employee renders the related service.

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

**Gratuity**

Gratuity is a defined benefit scheme. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

The Company recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than 12 months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

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Notes to financial statements for the period ended September 30, 2018

### Re-measurements of defined benefit plans

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Company recognises related restructuring cost

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

### Compensated Absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the period end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

## J) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost

## India Education Services Private Limited

Notes to financial statements for the period ended September 30, 2018

### 3. *Measurement of Indebtedness - Other off-balance sheet items*

#### Debt Instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

#### De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, deposits, trade receivables and bank balance
- Lease receivables under Ind-AS 17
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind-AS 11 and Ind-AS 18 (referred to as 'contractual revenue receivables' in these financial statements)

The Company follows 'simplified approach' for recognition of impairment loss allowance on:



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### 3.1.1. Impairment losses on financial assets

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind-AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EFR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount. For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets,

i.e., financial assets which are credit impaired on purchase/ origination.

## **Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables including bank overdrafts and derivative financial instruments.

### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

#### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

#### **De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**m) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**n) Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

**o) Measurement of EBITDA**

The Company has elected to present earnings before interest expense, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the face of profit/ (loss) from continuing operations. In the measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

**p) Earnings per Share**

**Basic earnings per share**

Basic earnings per share are calculated by dividing:  
-the profit attributable to owners of the Company  
-by the weighted average number of equity shares outstanding during the financial period, adjusted for bonus elements in equity shares issued during the period and excluding treasury shares.

**Diluted earnings per share**

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

**India Education Services Private Limited**

**Notes to financial statements for the period ended September 30, 2018**

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-the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

-the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

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Note 3 : Property, Plant and Equipment

Particulars	Improvements to Leasehold Premises	Computers	Office Equipment's	Furniture and Fittings	Vehicles	Others Total [Long life assets]
<b>Sold</b>						
As at 31 March 2017	44,029	10,575	5,451	10,134	-	80,199
Additions	-	1,679	15	-	-	1,694
Disposals	(18,494)	(50)	(1,967)	(1,835)	-	(42,346)
As at 31 March 2018	25,535	10,148	3,499	8,304	-	58,486
Additions	-	294	-	-	-	294
Disposals/ Adjustments	-	-	-	-	-	-
As at 30 Sept 2018	25,535	10,442	3,499	8,304	-	58,780
<b>Depreciation and Impairment</b>						
As at 31 March 2017	18,028	8,535	1,990	2,227	-	30,780
Charge for the period	-	1,179	1,456	1,421	-	4,056
Impairment charge for the period	-	90	290	416	-	796
Impairment on assets disposed	(15,919)	-	-	-	-	(15,919)
Disposals	(3,576)	-	(1,321)	(728)	-	(5,625)
As at 31 March 2018	29,555	12,004	2,175	3,296	-	47,930
Charge for the period	-	1,902	250	313	-	2,465
Disposals	-	-	-	-	-	-
As at 30 Sept 2018	29,555	13,906	2,425	3,609	-	49,495
Net Block	-	-	-	-	-	-
As at 30 Sept 2018	-	5,296	766	3,324	-	10,391
As at 31 March 2018	-	6,842	1,126	4,243	-	12,211

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India Education Services Private Limited  
Notes to financial statements for the period ended Sept. 30, 2018

Note 4 - Intangible Assets and Intangible Assets under development

Particulars	(Rs in '000)			
	Software/WebSite Development	Curriculum	Intangible Assets under development	Total (Intangible Assets)
<b>Cost</b>				
As at 31 March 2017	96,112	1,112	-	97,224
Additions	763	-	2,673	3,436
Disposals/ Adjustments (Capitalized/De-capitalized)	(79,714)	(258)	-	(80,972)
As at 31 March 2018	17,161	854	2,673	20,689
Additions	1,774	-	-	1,774
Disposals/ Adjustments	-	-	(2,673)	(2,673)
As at 30 September 2018	18,935	854	-	19,790
<b>Amortization and Impairment</b>				
As at 31 March 2017	96,112	1,112	-	97,224
Charge for the period	83	-	-	83
Disposals	(1,308)	(258)	-	(1,566)
Impairment for the period	(68,405)	-	-	(68,405)
As at 31 March 2018	16,482	854	-	17,336
Charge for the period	86	-	-	86
Disposals	-	-	-	-
As at 30 September 2018	16,568	854	-	17,422
<b>Net Book</b>				
As at 30 September 2018	2,367	-	-	2,367
As at 31 March 2018	679	-	2,673	3,352
<b>Net Book Value</b>				
Particulars	September 30, 2018	March 31, 2018		
Intangible Assets	2,367	679		
Intangible Assets under development	-	2,673		
Total	2,367	3,352		

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India Education Services Private Limited

Interim financial statements for the period ended September 30, 2018

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	30 September, 2018	31 March, 2018
Particulars	(Rs in '000)	(Rs in '000)
Security Deposits	6,052	5,712
Total Loans	6,052	5,712
Current	-	-
Non Current	6,052	5,712

Note 6 : Income Tax Assets

Particulars	30 September, 2018	31 March, 2018
	(Rs in '000)	(Rs in '000)
Income Tax Assets (Net)	1,147	1,181
Total	1,147	1,181

Note 7 : Other non-current assets

Particulars	30 September, 2018	31 March, 2018
	(Rs in '000)	(Rs in '000)
Balance with Group companies	16,816	12,805
Total	16,816	12,805

Note 8A : Trade Receivables

Particulars	30 September, 2018	31 March, 2018
	(Rs in '000)	(Rs in '000)
Trade receivables	2,348	1,114
Total	2,348	1,114

Break up for Trade Receivables :

	30 September, 2018	31 March, 2018
	(Rs in '000)	(Rs in '000)
Other receivables		
Secured, considered good		
Unsecured, considered good	2,145	1,114
Unsecured, considered doubtful	2,003	1,114
Impairment of trade and doubtful debts	-	-
Total	2,145	1,114
Total Trade Receivables	2,348	1,114

Note 8B : Cash and cash equivalents

Particulars	30 September, 2018	31 March, 2018
	(Rs in '000)	(Rs in '000)
Balance with banks :		
- Current accounts	2,207	28,827
- Deposits with original maturity of less than 12 months	10,141	-
Total	12,348	28,827

Cash and bank balances are at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and one month, depending on the anticipated cash requirements of the company and the interest at the respective banks/deposit rates.

Note 8C : Other Bank Balances

Particulars	30 September, 2018	31 March, 2018
	(Rs in '000)	(Rs in '000)
Deposit with Banks		
Deposits with original maturity of more than 12 months but less than 24 months	29	29
Total	29	29

Note 8D : Other Financial Assets

Particulars	30 September, 2018	31 March, 2018
	(Rs in '000)	(Rs in '000)
Interest accrued on Bank Deposits	25	3
Other receivables (includes receivable from related parties)	454	2,226
Bank	627	2,227
Current	627	2,227
Non Current	-	-

Note 9 : Other current assets

Particulars	30 September, 2018	31 March, 2018
	(Rs in '000)	(Rs in '000)
Prepaid expenses	2,005	3,112
Advances given	193	289
Total	2,198	3,401

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Edco Education Services Private Limited  
Notes to Financial Statements for the period ended December 31, 2018

Note 10: Share Capital  
Analysis of Share Capital

Particulars	No. of shares	(R) in '000
At 31 March 2017	118,400,000	1,164,000
Increase/(decrease) during the period:		
At 31 March 2018	120,400,000	1,180,000
Increase/(decrease) during the period:		
At 30 September 2018	119,400,000	1,170,000

The split is detailed below in (b) below.

The Company's authorized share capital consists of equity shares of Rs.10/- each (one rupee share). The Company has the following details of its authorized share capital as at the end of the reporting period in the form of Schedule III of the Companies Act, 2013, as amended:

In the event of liquidation of the Company, the holders of the equity shares are entitled to receive the amount of Rs.10/- for every Rs.10/- of the equity of the shares held by them in proportion to the paid-up value of the equity shares held by the shareholders.

(b) Paid-up share capital (in Rs.)

Equity shares of Rs.10/- each issued, subscribed and fully paid	No. of shares	(R) in '000
At 31 March 2017	118,400,000	1,164,000
Change during the period:		
At 31 March 2018	119,400,000	1,180,000
Change during the period:		
At 30 September 2018	118,400,000	1,164,000

Details of issue of the equity of the Company during the reporting period in the form of the period:

Particulars	As at 30 September, 2018		As at 31 March, 2018	
	No. of shares	Amount (R) in '000	No. of shares	Amount (R) in '000
Value of Premium in relation to equity of the period	118,400,000	1,164,000	118,400,000	1,164,000
Share issued during the period*	(1,000,000)	(10,000)	(1,000,000)	(10,000)
Value of share issued at 10% discount	2,000,000	20,000	2,000,000	20,000

\* Share held by holding shareholders during the period are in the following categories:

Particulars	As at 30 September, 2018 (R) in '000	As at 31 March, 2018 (R) in '000
IT Skills Ltd	1,000	1,000
118,400,000 (March 31, 2018) + 117,210,000 (as at 30 September 2018) in each Rs.10/-		
Apple Global Business Services Private Ltd	2,000	2,000
2,000,000 (March 31, 2018) + 18,200,000 (as at 30 September 2018) in each Rs.10/-		

Details of shareholding during the period are detailed in the following:

Particulars	As at 30 September, 2018		As at 31 March, 2018	
	No. of shares	% holding in the Co. (in %)	No. of shares	% holding in the Co. (in %)
Four shares of Rs.10/- each held by				
IT Skills Ltd	1,000,000	0.84%	1,000,000	0.84%
Apple Global Business Services Private Ltd	22,000	0.18%	22,000	0.18%

\* All share issuances are done by reference to prospectus issued by NCDTC on 16th dated July 16, 2018 and Prospectus was issued on August 22, 2018.

Note 11: Other Equity

Particulars	30 September, 2018 (R) in '000	31 March, 2018 (R) in '000
Retained Earnings	4,75,350	5,20,550
Total	1,75,350	1,20,550

Retained Earnings

Particulars	(R) in '000
At March 31, 2017	1,00,000
Net Profit/(Loss) for the period	2,70,550
Items of other comprehensive income/(expense) in respect of equity	
- Remeasurements of the defined benefit plan	1,700
At March 31, 2018	1,02,700
Net Profit/(Loss) for the period	1,17,850
Adjustment on account of change in fair value of the equity instrument held by the holder of the instrument (income recognized/expense incurred on equity)	1,10,000
- Remeasurements of the defined benefit plan	100
At September 30, 2018	1,24,650

Note 12a: Reserves

Particulars	30 September, 2018 (R) in '000	31 March, 2018 (R) in '000
Unmeasured revaluation	330,000	100,000
Total	330,000	100,000
Current	-	-
Non-Current	330,000	100,000

Note 12b: Provisions

Particulars	30 September, 2018 (R) in '000	31 March, 2018 (R) in '000
Provision for unmeasured revaluation		
Provision for Gratuity	100	100
Provision for Leave Encashment	100	100
Total	200	200
Current	200	200
Non-Current	0	0



India Education Services Private Limited  
Notes to financial statements for the period ended September 30, 2018

**Note 13A : Trade Payables**

Particulars	30 September, 2018 (Rs in '000)	31 March, 2018 (Rs in '000)
<b>Trade Payables</b>		
Trade Payables	12,673	17,867
Trade Payables to related parties	20,240	121,176
<b>Total</b>	<b>32,913</b>	<b>139,043</b>
<b>Current</b>	<b>32,913</b>	<b>139,043</b>
<b>Non- Current</b>	<b>-</b>	<b>-</b>

**Note 13B : Other financial liabilities**

Particulars	30 September, 2018 (Rs in '000)	31 March, 2018 (Rs in '000)
<b>Other financial liabilities at amortized cost</b>		
Sundry deposits	421	421
Others (Capex Vendor and Retention Money)	-	1,214
<b>Total other financial liabilities at amortized cost</b>	<b>421</b>	<b>1,635</b>
<b>Total other financial liabilities</b>	<b>421</b>	<b>1,635</b>
<b>Current</b>	<b>421</b>	<b>1,635</b>
<b>Non- Current</b>	<b>-</b>	<b>-</b>

**Note 14 : Other current liabilities**

Particulars	30 September, 2018 (Rs in '000)	31 March, 2018 (Rs in '000)
Deferred Revenue	6,461	8,709
Statutory dues	610	1,593
<b>Total</b>	<b>7,071</b>	<b>10,302</b>

Fees collected from students is treated as deferred revenue till the time services are performed and delivered.

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Particulars	30 September, 2018 (Rs in '000)	31 March, 2018 (Rs in '000)
<b>Note 15 : Revenue from operations</b>		
Salient services		
- Fees Income	10,653	59,956
Total	10,653	59,956
<b>Note 16 : Other Income</b>		
Particulars	30 September, 2018 (Rs in '000)	31 March, 2018 (Rs in '000)
Interest Income on		
- Bank deposits	749	1,027
- Others		586
Rental income		1,367
Miscellaneous Income	-	1
Total	749	3,281
<b>Note 17 : Employee benefits expense</b>		
Particulars	30 September, 2018 (Rs in '000)	31 March, 2018 (Rs in '000)
Salaries, wages and bonus	5,316	29,777
Contributions to provident and other funds	179	1,217
Gratuity expense	79	497
Workmen and Staff welfare expenses	16	1,250
Total	5,590	29,741
<b>Note 18 : Finance costs</b>		
Particulars	30 September, 2018 (Rs in '000)	31 March, 2018 (Rs in '000)
Interest on debts and borrowings	3,750	5,151
Finance charges	70	425
Total	3,820	5,576
<b>Note 19 : Depreciation and amortization expense</b>		
Particulars	30 September, 2018 (Rs in '000)	31 March, 2018 (Rs in '000)
Depreciation of tangible assets	2,475	5,250
Amortisation of intangible assets	86	53
Total	2,561	5,303
<b>Note 20 : Impairment of non-current assets</b>		
Particulars	30 September, 2018 (Rs in '000)	31 March, 2018 (Rs in '000)
Impairment of tangible assets	-	796
Total	-	796
<b>Note 21 : Other expenses</b>		
Particulars	30 September, 2018 (Rs in '000)	31 March, 2018 (Rs in '000)
Power and fuel	1,061	2,718
Advertising and public relations	764	1,71,763
Visiting Lecturer fees	3,811	19,119
Course Planning & Study Material	2,333	9,741
Rent	7,893	26,679
Fees and taxes	51	1
Insurance	342	318
Service Charges IT	360	10,291
Building	93	741
Others	1,590	4,316
Travelling and conveyance	76	4,756
Communication costs	79	576
Legal and professional fees	4,773	31,353
Payment to auditors	100	180
Expenditure on researches (net)	45	381
Loss/Gain on sale of fixed assets	-	510
Miscellaneous expenses	2,026	4,132
Total	28,777	213,649

**Note 22 : Other Comprehensive Income**

The disaggregation of changes to OCI by each type of reserve in equity is shown below

During the period ended 30 September, 2018

Particulars	Retained earnings (Rs in '000)	Total (Rs in '000)
Re-measurement gains(losses) on defined benefit plans	308	308
<b>Total</b>	<b>308</b>	<b>308</b>

During the period ended 31 March, 2018

Particulars	Retained earnings (Rs in '000)	Total (Rs in '000)
Re-measurement gains(losses) on defined benefit plans	1,764	1,764
<b>Total</b>	<b>1,764</b>	<b>1,764</b>

**Note 23 : Earnings per share (EPS)**

Basic EPS amounts are calculated by dividing the profit for the period attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the period.

The following reflects the income and share data used in the basic and diluted EPS computation:

Particulars	30 September, 2018	31 March, 2018
Profit/(loss) attributable to equity holders of the parent for basic earnings (INR '000)	(32,384)	(219,613)
Profit/(loss) attributable to equity holders of the parent adjusted for the effect of dilution (INR '000)	(32,384)	(219,613)
Weighted average number of Equity shares for basic EPS* (In '000)	92,957	118,400
Weighted average number of Equity shares adjusted for the effect of dilution* (In '000)	92,957	118,400
Basic Earning/(loss) Per Share (INR)	(0.35)	(1.85)
Diluted Earning/(loss) Per Share (INR)	(0.35)	(1.85)

\* The weighted average number of shares takes into account the weighted average effect of changes in share issued during the period. There have been no other transactions involving Equity shares or potential Equity shares between in the reporting date and the date of authorization of these financial statements.

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This is an Abridged Prospectus containing salient features of business of India Education Services Private Limited ("Demerged Company" or "IESPL") and Scheme of Arrangement involving the Demerged Company and Hindustan Media Ventures Limited ("Resulting Company" or "HMVL"). You may download the Scheme of Arrangement from the websites of Hindustan Media Ventures Limited and the Stock Exchanges where the equity shares of Hindustan Media Ventures Limited are listed ("Stock Exchanges"), viz.: [www.hmvl.in](http://www.hmvl.in), [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com).

**NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS ABRIDGED PROSPECTUS**



## India Education Services Private Limited

(India Education Services Private Limited was incorporated on October 24, 2011 under the provisions of the Companies Act, 1956 with the Registrar of Companies NCT of Delhi & Haryana. The Corporate Identification Number of the Company is U80301DL2011PTC226705)

Regd. Office: Hindustan Times House, Second Floor, 18-20, Kasturba Gandhi Marg, New Delhi - 110 001

Tel.: +91 11 6656 1608; Fax: +91 11 6656 1445; E-mail: [investor@hindustantimes.com](mailto:investor@hindustantimes.com)

Contact Person: Shri Dinesh Mittal, Director

**Promoter of the Demerged Company: HT Media Limited**

Please ensure that you also read the Scheme of Arrangement which has been approved by the Board of Directors of IESPL and HMVL, and the Audit Committee of HMVL vide their respective resolutions dated October 16, 2017. The shareholders are advised to retain a copy of the Abridged Prospectus for their future reference.

### FOR PRIVATE CIRCULATION TO THE SHAREHOLDERS OF HMVL ONLY

#### ABRIDGED PROSPECTUS

In the nature of an Abridged Prospectus containing salient features of the Scheme of Arrangement between India Education Services Private Limited (hereinafter referred to as "IESPL" or the "Demerged Company") and Hindustan Media Ventures Limited (hereinafter referred to as "HMVL" or the "Resulting Company") and their respective shareholders and creditors under Sections 230 to 232 and the rules made thereunder (hereinafter referred to as the "Scheme"). This Abridged Prospectus discloses applicable information of the unlisted entity i.e. India Education Services Private Limited, in compliance with SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (the "SEBI Circular") relating to the Scheme.

This document is prepared to comply with the requirement of Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI Circular, and sets out the disclosures in an abridged prospectus format as provided in Part E of Schedule VI of the SEBI ICDR Regulations, 2018, to the extent applicable. The equity shares of Resulting Company are already listed on National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") (NSE and BSE are collectively referred to as the "Stock Exchanges"). Pursuant to the Scheme, Resulting Company will issue and allot to the equity shareholders of Demerged Company, whose names appear in the Register of Members of Demerged Company, on a date (hereinafter referred to as "Record Date") to be fixed in that behalf by the Board of Directors of the Demerged Company in consultation with the Resulting Company for the purpose of reckoning the names of the equity shareholders of Demerged Company, its equity shares in the ratio of Rs.10 (Ten) equity shares of face value Rs.10/- (Rupees Ten only) each credited as fully paid-up in the Resulting Company for every 72 (Seventy Two) equity share of face value of Rs. 10/- (Rupees Ten only) each held in Demerged Company as on the record date. The equity shares so issued by Resulting Company will be listed on the Stock Exchanges. The requirements with respect to General Information Document are not applicable and this Abridged Prospectus should be read accordingly.

#### COMPANY'S ABSOLUTE RESPONSIBILITY

Demerged Company, having made all reasonable inquiries, accepts responsibility for and confirms that the Abridged Prospectus contains all information with regard to Demerged Company and the Scheme, which is material in the context of the Scheme, that the information contained in the Abridged Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which will make the Abridged Prospectus as a whole, or any of such information or the expression of any such opinions or intentions, misleading in any material respect.

#### MERCHANT BANKER

**Sundae Capital Advisors Private Limited**

611, Shahpuri Tirath Singh Tower

58, C - Block, Community Centre

Janak Puri, New Delhi - 110 058

Tel: +91 11 4914 9740

E-mail: [nitin@sundaecapital.com](mailto:nitin@sundaecapital.com)

Investor Grievance E-mail: [grievance.mb@sundaecapital.com](mailto:grievance.mb@sundaecapital.com)

Website: [www.sundaecapital.com](http://www.sundaecapital.com)

SEBI Regn. No.: INM000012494

## GENERAL INFORMATION

India Education Services Private Limited was incorporated on October 24, 2011 under the provisions of the Companies Act, 1956 with the Registrar of Companies NCT of Delhi & Haryana. The Corporate Identification Number of the Company is UB0301DL2011PTC226705.

### Registered Office of the Company

Hindustan Times House, Second Floor,  
18-20 Kasturba Gandhi Marg, New Delhi - 110 001  
Tel.: +91 11 6656 1608  
Fax: +91 11 6656 1445  
E-mail: investor@hindustantimes.com  
Contact Person: Shri Dinash Mittal, Director

### Registrar & Share Transfer Agent

As on date the Company has not appointed any Registrar & Share Transfer Agent

### Statutory Auditor

MRKS & Associates  
Chartered Accountants  
QU-35B, Pitampura  
New Delhi - 110 008  
(Firm Registration No.: 023711N)

## SCHEME DETAILS AND PROCEDURE

Pursuant to the Scheme of Arrangement between India Education Services Private Limited ("IESPL" or "Demerged Company") and Hindustan Media Ventures Limited ("HMVL" or "Resulting Company") and their respective shareholders ("Scheme"), the educational services provided to students/professionals etc. i.e., B2C segment of IESPL is proposed to be demerged into HMVL. For the purposes of obtaining approval under Regulation 37 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the designated stock exchange is the National Stock Exchange of India Limited.

In consideration of the aforementioned demerger, HMVL shall issue equity shares to shareholders of the IESPL in the manner as set out in the Scheme.

## PROMOTERS OF THE DEMERGED COMPANY

The Promoter of IESPL is HT Media Limited ("HTML"). 99% of the total outstanding issued and paid-up share capital of IESPL, prior to giving effect to the proposed Scheme, is currently held by HT Media Limited. HTML was incorporated on December 3, 2002 as a public limited company under the Companies Act, 1956 as "HT Media Limited" with its registered office at Hindustan Times House, 18-20, Kasturba Gandhi Marg, New Delhi- 110 001, India. The Corporate Identification Number of HTML is L22121DL2002PLC117874.

HTML is one of India's leading media companies with prominence across print, radio and digital platforms. HTML is engaged in printing and publishing of 'Hindustan Times', 'Hindustan' (through subsidiary) and 'Mint'. It operates FM radio stations under the brands: 'Fever' and 'Radio Nisha'. The Entertainment & Digital Innovation business of the group includes digital images repository, digital entertainment, and the strategic content integration business along with the multimedia content business.

Apart from various digital media platforms, HTML is into other business domains like education and jobs. While HTML uses Studymate to impart supplementary education to class VIII to XII students (through HT Learning Centers Limited, Subsidiary Company), it offers management education through Bridge School of Management (through IESPL, Subsidiary Company). The equity shares of HTML are listed on National Stock Exchange of India Limited and BSE Limited.

## **Largest listed group company (based on market capitalisation)**

### **Hindustan Media Ventures Limited ("HMVL")**

HMVL was originally incorporated in Patna on July 9, 1918 under the name "The Bihar Journals Limited". The name of the company was changed to "Searchlight Publishing House Limited" on November 17, 1987. Subsequently, the name of the Company was changed to its present name "Hindustan Media Ventures Limited" on November 11, 2008.

HMVL is engaged, *inter alia*, in the business of publishing 'Hindustan', a Hindi daily and two monthly Hindi magazines 'Nandan' and 'Kadambini'. Following an initial public offering in 2010, HMVL got listed on BSE & NSE.

Hindustan enjoys a strong presence in Bihar, Jharkhand, Uttar Pradesh, Uttarakhand and Delhi-NCR. It is printed from 21 locations and has 21 editions. The press facilities employ modern printing technology for high page-levels and printing speed. HMVL is one of the leading print media companies in India.

## **BUSINESS MODEL/BUSINESS OVERVIEW AND STRATEGY**

### **Overview**

India Education Services Private Limited ("IESPL") was incorporated on October 24, 2011 and is engaged, *inter alia*, in the business of providing all types of academic and non-academic services including providing all kinds of academic, technical, administrative, infrastructure and management support to students, corporate, universities, educational institutions and colleges.

India Education Services Private Limited is engaged in 2 (two) distinct business lines namely, providing higher education courses to retail consumers i.e. Business to Consumers segment ("B2C") and providing corporate educational and management training facilities to its corporate customers i.e. Business to Business segment ("B2B").

The nature of risk and competition involved in each of the businesses is distinct. The B2B segment is primarily involved in corporate educational and management training business offering skill development programs in emerging fields including Business Analytics and Digital Marketing and others to employees of an organization. After understanding the needs of the organization, a customized training program is designed for the participants of the said organization based on case studies and data-sets derived from the organization itself. The approach is to train the participants to work on actual business problems during the training program itself. The strategy adopted for this business is to bring in partners who are amongst the best in the world and to provide cutting-edge inputs that help participants in preparing themselves for a long-term career in their chosen domain.

The B2C segment is engaged in providing relatively long term higher education services courses to students/professionals etc., that range from 3 months to 1 year in which prospects are taken through a rigorous training program that includes conceptual inputs; hands-on exercises; peer learning exercises; capstone projects; and inputs on interview handling and presentation skills for placement in reputed organizations based on their experience and goodness-of-fit to the hiring organization.

This necessitates vastly differing management approaches, sales strategies and focus. Moreover, the competitive dynamics of these businesses are also different, with the B2B segment servicing a global product portfolio and the B2C segment being a local consumption driven business.

### **Our Strategy**

Over the period of time, IESPL has not been able to scale its B2C business and unleash its full potential for growth and profitability. On the other hand, the Hindustan Media Venture Limited ("HMVL") Resulting Company has a deep presence in Tier II and Tier III cities of North India, which offers a large customer base with favourable demographics for the growth of the business of the B2C business of Demerged Company. It is therefore, proposed to acquire the B2C business of the Demerged Company, by way of a demerger, to utilize the expertise and wide-spread reach of the Resulting Company in north India to turnaround the B2C business of the Demerged Company.

The proposed restructuring pursuant to this Scheme is expected, inter alia, to result in following key benefits:

- (i) Expansion of the Demerged Undertaking in the rapidly expanding markets of North India, thereby creating greater value for the shareholders of the Resulting Company;
- (ii) Augmenting the Demerged Undertaking with the financial resources of the Resulting Company;
- (iii) Demerger and vesting of the Demerged Undertaking to and in the Resulting Company is a strategic fit for serving existing market and for catering to additional volume linked to new consumers.

#### BOARD OF DIRECTORS OF THE DEMERGED COMPANY

Sr. No.	Name, DIN and Address	Designation	Experience
1	Shri Dinesh Mittal DIN: 00105769 228, III rd Floor, Jagriti Enclave, Delhi - 110 092	Director	Shri Dinesh Mittal holds Bachelor's Degree in Law from Delhi University and a Masters Degree in Law (IPR) from Queensland University, Australia. He is a qualified Company Secretary and also has a Post Graduate Diploma in Business Administration from IPM, Gwalior. He is a Non-Executive Director of the Company. He has previously worked with Whirlpool of India Ltd, DCM Shriram Group and JK Synthetics in his professional career spanning over 32 years.
2.	Shri Piyush Gupta DIN: 03155591 G-111, Ashok Vihar Phase-1, Opp. Lions Public School, Delhi -110 052	Director	Shri Shri Piyush Gupta has vast experience in the domain of Business Planning, Corporate Treasury and Corporate Tax. His experience spans companies like Gillette, PepsiCo, Whirlpool and Wrigley in various leadership roles and domains. Shri Piyush Gupta was the Chief Finance Officer with Wrigley, India. He is a Chartered Accountant as well as a Cost Accountant.
3	Shri Sanjay Malhotra DIN: 00885377 C-91, Sector 44, Noida, Gautam Buddha Nagar, Noida - 201 301, Uttar Pradesh	Independent Director	Shri Sanjay Malhotra has more than two decades of experience in creation of markets for high end utility, technology and luxury products, taking projects from concept stage to actualisation. He is also on the Board of Directors of Jubilant Aeronautics, a joint venture between Jubilant Engro Pvt. Ltd. and Aeronautics Israel.
5	Shri Rajan Bhalla DIN: 08098945 1402, Tower F, IVY DLE, Phase - 4, Gurgaon - 122002, Haryana	Additional Director	Shri Rajan Bhalla has over 25 years of experience with several blue chip companies across diverse categories in senior leadership roles. These include Contract Advertising, Whirlpool and PepsiCo Beverages India, where he served as Executive Vice President - Marketing. While the bulk of his experience has been in the Indian market, he has worked on an International assignment in Brazil as well.

#### OBJECTS OF THE ISSUE

The Demerged Company does not propose to raise any capital and the equity shares of the Demerged Company are unlisted. The Resulting Company will issue its equity shares to the shareholders of Demerged Company on the Record Date to be fixed in this behalf by the Board of Directors of the Demerged Company in consultation with the Resulting Company in the ratio as specified in the Scheme and approved by the Hon'ble NCLT. The equity shares so issued by the Resulting Company will be listed on the Stock Exchanges.

**Details and reasons for non-deployment or delay in deployment of proceeds or changes in utilization of issue proceeds of past public issues/rights issues, if any, of the Company in the preceding 10 years: Not Applicable**



## CAPITAL STRUCTURE OF THE DEMERGED COMPANY

### PRE SCHEME

Authorised Share Capital	Rs.1,18,40,00,000 comprising of 11,84,00,000 equity shares of face value Rs. 10 each
Issued, Subscribed and Paid up Capital#	Rs.2,00,00,000 comprising of 20,00,000 equity shares of face value Rs. 10 each

### POST SCHEME

Authorised Share Capital	Rs. 3,111,00,000 comprising of 30,00,000 equity shares of face value Rs. 10 each
Issued, Subscribed and Paid up Capital	Rs. 2,00,00,000 comprising of 20,00,000 equity shares of face value Rs. 10 each

# The Board of Demerged Company on October 16, 2017 approved a separate scheme of reduction of share capital under the provisions of Section 66 and other applicable provisions of the Companies Act, 2013 between the Demerged Company and its shareholders, for reduction of share capital by a sum of Rs. 116,40,00,000 by cancelling and extinguishing 11,64,00,000 fully paid-up equity shares of face value Rs. 10 each. Such reduction has since been confirmed by the Hon'ble Principal Bench of the National Company Law Tribunal by its order dated July 4, 2018 as corrected by an order dated July 18, 2018. The Pre Scheme number of shares has been mentioned after said proportionate cancellation of the fully paid up share capital.

Based on the above, the pre and post Scheme shareholding pattern of the Demerged Company would be as under:

Sr. No.	Particulars	Pre Scheme (number of shares)	Pre Scheme (%age holding)	Post Scheme (number of shares)	Post Scheme (%age holding)
1	Promoter and Promoter Group*	19,80,000	99.00	19,80,000	99.00
2	Public	20,000	1.00	20,000	1.00
3	Custodians / Non Public Non promoter shareholders:	-	-	-	-
	Total	20,00,000	100.00	20,00,000	100.00

\* includes 1 (one) share each held by Smt. Shobhana Bhartiya, Shri Priyavrat Bhartiya, Shri Sharmil Bhartiya, Shri Rajan Bhatta, Shri Dinesh Mittal and Shri Piyush Gupta as a nominee of HTML.

## SUMMARY OF AUDITED FINANCIALS OF THE DEMERGED COMPANY

(Rs. in '000)

Particulars	For the period ended September 30, 2018	FY 2017-18 <sup>1</sup>	FY 2016-17 <sup>1</sup>	FY 2015-16 <sup>2</sup>	FY 2014-15 <sup>1</sup>	FY 2013-14 <sup>1</sup>
Total income (net) <sup>2</sup>	11,412	34,336	41,842	32,097	21,721	22,064
Net Profit / (Loss) after tax <sup>2</sup>	(32,692)	(221,377)	(384,167)	(283,800)	(283,092)	(105,205)
Paid up Equity Share Capital	20,000	1,184,000	1,184,000	921,400	702,900	450,000
Reserves and Surplus (excluding revaluation reserves)	(176,059)	(1,307,764)	(1,088,062)	(703,704)	(427,056)	(143,964)
Net worth <sup>3</sup>	(156,059)	(123,674)	95,938	217,696	273,844	306,036
Basic earnings per share (in Rs.)	(0.35)	(1.85)	(3.03)	(3.29)	(4.91)	(2.52)
Diluted earnings per share (in Rs.)	(0.35)	(1.85)	(3.03)	(3.29)	(4.91)	(2.52)
Return on net worth (%) <sup>3</sup>	Not ascertainable	Not ascertainable	(400.43)	(131.28)	(102.63)	(34.38)

Particulars	For the period ended September 30, 2018	FY 2017-18 <sup>1</sup>	FY 2016-17 <sup>1</sup>	FY 2015-16 <sup>1</sup>	FY 2014-15 <sup>1</sup>	FY 2013-14 <sup>1</sup>
Net asset value per share (in Rs.) <sup>6</sup>	(78.03)	(1.04)	0.81	2.36	3.92	6.80

**Note 1:** Summary for the period ended September 30, 2018 and financial years ended March 31, 2018 and March 31, 2017 and March 31, 2016 and are based on Ind AS and for the financial years ended March 31, 2015 and March 31, 2014 is based on Indian GAAP.

**Note 2:** Total income includes revenue from operations and other income.

**Note 3:** Net Profit/(Loss) after tax is income before other comprehensive income.

**Note 4:** 'Net Worth' means means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

**Note 5:** Return on net worth (%) has been arrived at by dividing Profit / (Loss) after tax by Net Worth.

**Note 6:** Net asset value per share has been derived by dividing Net Worth by the number of outstanding shares.

### INTERNAL RISK FACTORS

1. The Scheme for transfer and vesting of 'B2C Business Undertaking' of the Demerged Company to the Resulting Company with effect from the Appointed Date is subject to the conditions / approvals as envisaged under the Scheme and any failure to receive such approvals will result in non-implementation of the Scheme and may adversely affect the shareholders.
2. Absence of alignment between the Company's offerings and industry's needs (or the inability of the industry to absorb skills) may result in loss of market share to competitors and/ or loss of revenue;
3. Inability to identify the right partners for new offerings and manage key existing partners may impact the Company's offerings and revenue;
4. Inability to on-board and retain suitable faculty especially for emerging areas may impact quality of education and training;
5. Inadequate tie-ups with corporates may result in low placements for students thereby resulting in low demand for courses offered by the Company;
6. Change in the regulatory environment may significantly impact the Company's business model and operations.
7. The Company may enter into transactions with related parties in the future. Such transactions with its related parties could potentially involve conflicts of interest nevertheless these will be executed following the regulatory requirements, as applicable; and
8. As the Company operates in an intensely competitive business environment, its inability to effectively use or protect its intellectual property rights may adversely affect the business, results of operations and financial condition. Additionally, third parties may infringe the Company's intellectual property, causing damage to its business prospects, reputation and goodwill.

### SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTIONS

- A. Total number of outstanding litigations against the Company and amount involved: Nil
- B. Regulatory action, if any. Disciplinary action taken by SEBI or stock exchange against the Promoter / Promoter Group companies in the last 5 years including outstanding action, if any: HTML is the sole promoter of the Demerged Company. No regulatory / disciplinary action has been taken by SEBI or stock exchanges against HTML / Promoter Group companies in the last 5 years nor is any such matter pending for disposal.
- C. Brief details of outstanding criminal proceedings against Promoter (HTML):

<b>Sr. No.</b>	<b>Parties involved</b>	<b>Nature of criminal case</b>	<b>Brief particulars of the case</b>
1	Kishore Lal Chugh v/s HT Media Limited &Ors.	Defamation case	A criminal complaint was filed at Belpur against publication of the news article in Hindustan. This is a defamation complaint in respect of a news published.
2	KTS Sarao v/s HT Media Limited &Ors.	Defamation case	A criminal Complaint has been filed by the Complainant KTS Sarao against publication of a news article in newspaper Metro Now, wherein HT Media has been arrayed as Defendant No. 5.

**ANY OTHER MATERIAL INFORMATION OF THE COMPANY: NIL**

**DECLARATION BY THE COMPANY**

We hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this abridged prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Abridged Prospectus are true and correct.

**For India Education Services Private Limited**



**Dinesh Mittal**  
Director

**Date: January 24, 2019**

## Annexure "ES-3"

The details of shareholding of the Directors and Key Managerial Personnel ("KMP") of the Demerged Company (IESPL) as on January 18, 2019 and their relatives is outlined below:

Sl.No.	Name	No. of Equity Shares held in IESPL	No. of Equity Shares held in HMVL
<b>Directors</b>			
1.	Shri Dinesh Mittal	1*	5,035
2.	Shri Piyush Gupta	1*	560
3.	Shri Sanjay Malhotra	Nil	Nil
4.	Shri Rajan Bhalla	1*	Nil
<b>Key Managerial Personnel</b>			
5.	Shri Muralidhar Rao (Chief Executive Officer)	Nil	Nil

\*shares held as nominee of HT Media Limited

The details of shareholding of the Directors and Key Managerial Personnel ("KMP") of the Resulting Company (HMVL) as on January 18, 2019 and their relatives is outlined below:

Sl.No.	Name	No. of Equity Shares held in HMVL	No. of Equity Shares held in IESPL
<b>Directors</b>			
1.	Smt. Shobhana Bhartia	Nil	1*
2.	Shri Piyush Gunwantrao Mankad	Nil	Nil
3.	Shri Ajay Relan	Nil	Nil
4.	Shri Ashwani Windlass	Nil	Nil
5.	Shri Shardul Suresh Shroff	Nil	Nil
6.	Dr. Mukesh Aghi	Nil	Nil
7.	Shri Priyavrat Bhartia	6,719	1*
8.	Shri Shamit Bhartia	5,017	1*
9.	Shri Praveen Someshwar	Nil	Nil
<b>Key Managerial Personnel</b>			
10.	Shri Rajeev Beotra (Chief Executive Officer)	5	Nil
11.	Shri Tridib Barat (Company Secretary)	2	Nil
12.	Shri Sandeep Gulati (Chief Financial Officer)	Nil	Nil
<b>Relative of Directors and KMP</b>			
13.	Smt. Keka Barat (Relative of Shri Tridib Barat)	5	Nil
14.	Ms. Poonam Bhatia (Relative of Shri Rajeev Beotra)	500	Nil

\*shares held as nominee of HT Media Limited

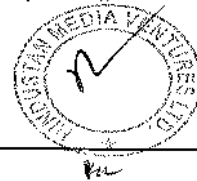
# Hindustan Media Ventures Limited

Office :  
C-164, Sector-63, Noida  
Dist. Gautam Budh Nagar UP - 201301  
Ph. : 0120 - 4765650  
E-mail : corporatedept@hindustantimes.com  
CIN : L21090BR1918PLC000013

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF HINDUSTAN MEDIA VENTURES LIMITED AT ITS MEETING HELD ON OCTOBER 16, 2017 EXPLAINING THE EFFECT OF THE SCHEME OF ARRANGEMENT ON THE EQUITY SHAREHOLDERS (INCLUDING PROMOTER AND NON-PROMOTER), & KEY MANAGERIAL PERSONNEL OF THE COMPANY**

**1. BACKGROUND**

- 1.1. The Board of Directors ("Board") of Hindustan Media Ventures Limited at its meeting held on October 16, 2017 have considered and approved the draft Scheme of Arrangement under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 between India Education Services Private Limited ("Demerged Company") and Hindustan Media Ventures Limited ("Resulting Company" or "Company") and their respective shareholders ("Scheme").
- 1.2. Provisions of Section 232(2)(c) of the Companies Act, 2013 require the Directors to adopt a report explaining the effect of compromise or arrangement on each class of shareholders, key managerial personnel ("KMP"), promoters and non-promoter shareholders of the Company, laying out in particular, the share entitlement ratio and specifying special valuation difficulties, if any, and the same is required to be circulated as part of the notice of the meeting(s) to be held for the purpose of approving the Scheme.
- 1.3. This report of the Board of Directors is accordingly being made pursuant to the requirements of Section 232(2)(c) of the Companies Act, 2013.
- 1.4. The Scheme, *inter-alia*, provides for the following:
- (i) demerger and vesting of the Business to Consumer segment (B2C) ("Demerged Undertaking") from the Demerged Company along with all its assets, liabilities, investments, contracts, arrangements, employees, permits, licenses, records, approvals, etc. in relation to and pertaining to the B2C business, to the Resulting Company on a 'going concern' basis; and
- (ii) consequent issue of shares by the Resulting Company, to each shareholder of the Demerged Company whose name is recorded in the register of members and records of the Demerged Company on the Record Date, as per the share entitlement ratio enshrined in the Scheme.
- 1.5. While deliberating on the Scheme, the Board, *inter-alia*, considered and took on record the following Documents:
- 1.5.1. Draft Scheme of Arrangement;
- 1.5.2. Valuation report dated October 16, 2017 issued by SSPA & Co., Chartered Accountants ("Valuer"), *inter-alia*, describing the methodology adopted by them in arriving at the share entitlement ratio ("Valuation Report");
- 1.5.3. Fairness opinion dated October 16, 2017 issued by Fortress Capital Management Services Pvt. Ltd., a SEBI Registered (Category-I) Merchant Banker on fairness of the share entitlement ratio determined by the Valuation Report ("Fairness Opinion");



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Budh Marg, Patna - 800001  
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Fax : 0612-2226120

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जंदाज

1.5.4. Certificate dated October 16, 2017 of Price Waterhouse & Co Chartered Accountants LLP, Statutory Auditors of the Company, in relation to accounting treatment mentioned in para 10.2 of the Scheme; and

1.5.5. Report of the Audit Committee dated October 16, 2017 recommending the Scheme to the Board.

## **2. VALUATION REPORT | ENTITLEMENT RATIO | ISSUE OF SHARES ON DEMERGER**

2.1. Valuer has recommended the following share entitlement ratio for demerger and vesting of the Demerged Undertaking from the Demerged Company to the Resulting Company and consequent issue of shares by the Resulting Company, in terms of the Scheme:

*"10 (Ten) fully paid up equity shares of INR 10 (Indian Rupee Ten) each of the Resulting Company shall be issued and allotted for every 72 (Seventy Two) equity shares of INR 10 (Indian Rupee Ten) each held in the Demerged Company."*

The valuation has been arrived at, based on methodologies outlined in the Valuation Report and various relevant qualitative factors, the business dynamics and growth potential of the business, having regard to information base, key underlying assumptions and limitations.

2.2. Fortress Capital Management Services Pvt. Ltd., a SEBI Registered (Category-I) Merchant Banker, in its Fairness Opinion have provided an opinion that the aforesaid share entitlement ratio is fair and reasonable to the shareholders of the Demerged Company.

2.3. In case any shareholder's shareholding in the Demerged Company is such that such shareholder becomes entitled to a fraction of an equity share of Resulting Company, as the case may be, Resulting Company shall not issue fractional share certificate to such shareholder but shall consolidate such fractions and round up the aggregate of such fractions to the next whole number and issue and allot the consolidated shares directly to a trustee(s) nominated by the Board of the Resulting Company in that behalf, who shall sell such shares in the market at such price or prices and on such time or times as the trustee(s) may in its sole discretion decide and on such sale, shall pay to Resulting Company, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon Resulting Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Demerged Company in proportion to their respective fractional entitlements.

2.4. The equity shares of the Resulting Company to be issued and allotted as provided in the Scheme shall be subject to the provisions of the memorandum of association and articles of association of the Resulting Company, as the case may be, and shall rank *pari passu* in all respects with the existing equity shares of Resulting Company, as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached thereto.

2.5. No special valuation difficulties were reported by the Valuer in their aforesaid report.

### **3. Effect of the Scheme on the shareholders (including promoter and non-promoter) of the Resulting Company**

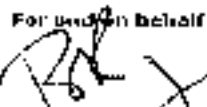
3.1. There is only one class of shareholders, i.e. equity shareholders, which includes the promoter as well as non-promoter shareholders of the Resulting Company.



- 3.2. Presently, 99% of the equity share capital of the Demerged Company is held by HT Media Limited (promoter of the Resulting Company).
  - 3.3. On demerger, the Resulting Company will issue and allot its equity shares to each shareholder of the Demerged Company, whose name is recorded in the register of members of the Demerged Company (including promoter of the Resulting Company in their capacity as shareholder(s) of the Demerged Company) on the Record Date, in terms of aforementioned share entitlement ratio.
  - 3.4. Pursuant to the aforementioned issue, the shareholding of the Promoters in the Resulting Company will increase from the existing 74.3075% to 74.3956%.
  - 3.5. Consequently, the shareholding of the "Public" in the Resulting Company will reduce from the existing 25.2039% to 25.1126%, while the shareholding of "Non-Promoter Non-Public" will reduce from the existing 0.4935% to 0.4916%.
4. **Effect of the Scheme on KMPs of the Resulting Company**

The Scheme will have no effect on KMPs of the Resulting Company, except to the extent of their respective shareholding in the Resulting Company, if any and effect thereon as detailed in point 3 above.

For and on behalf of the Board

  
(Anshu Kojhar)  
Whole-time Director  
DIN: 00816822

Place: New Delhi  
Date: October 16, 2017



**India Education Services Private Limited**

(CIN: L28207DL2011PTC226706)

Registered Office: Hindustan Times House, Second Floor,

16-20 Kasturba Gandhi Marg, New Delhi - 110 001

Phone No. +91-11-56561600 Fax: +91 11 65562445 Email Id. [info@indiaeducation.com](mailto:info@indiaeducation.com)

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF INDIA EDUCATION SERVICES PRIVATE LIMITED AT ITS MEETINGS HELD ON OCTOBER 16, 2017 EXPLAINING THE EFFECT OF THE SCHEME OF ARRANGEMENT ON THE EQUITY SHAREHOLDERS (INCLUDING PROMOTER AND NON-PROMOTER), & KEY MANAGERIAL PERSONNEL OF THE COMPANY**

**1. BACKGROUND**

- 1.1. The Board of Directors ("Board") of India Education Services Private Limited at its meeting held on October 16, 2017 have considered and approved the draft Scheme of Arrangement under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 between India Education Services Private Limited ("Demerged Company" or "Company") and Hindustan Media Ventures Limited ("Resulting Company") and their respective shareholders ("Scheme").
- 1.2. Provisions of Section 232(2)(c) of the Companies Act, 2013 require the directors to adopt a report explaining the effect of compromise or arrangement on each class of shareholders, key managerial personnel ("KMP"), promoters and non promoter shareholders of the Company, laying out in particular, the share entitlement ratio and specifying special valuation difficulties, if any, and the same is required to be circulated as part of the notice of the meeting(s) to be held for the purpose of approving the Scheme.
- 1.3. This report of the Board of Directors is accordingly being made pursuant to the requirements of Section 232(2)(c) of the Companies Act, 2013.
- 1.4. The Scheme, inter-alia, provides for the following:
  - (i) demerger and vesting of the Business to Consumer segment (B2C) ("Demerged Undertaking") from the Demerged Company along with all its assets, liabilities, investments, contracts, arrangements, employees, permits, licenses, records, approvals, etc. In relation to and pertaining to the B2C Business, to the Resulting Company on a "going concern" basis, and
  - (ii) consequent issue of shares by the Resulting Company, to each shareholder of the Demerged Company whose name is recorded in the register of members and records of the Demerged Company on the Record Date, as per the share entitlement ratio enshrined in the Scheme.
- 1.5. While deliberating on the Scheme, the Board, inter-alia, considered and took on record the following Documents:
  - 1.5.1. Draft Scheme of Arrangement;
  - 1.5.2. Valuation report dated October 16, 2017 issued by SSFA & Co., Chartered Accountants ("Valuer"), inter-alia, describing the methodology adopted by them in arriving at the share entitlement ratio ("Valuation Report"), and
  - 1.5.3. Certificate dated October 15, 2017 of MRKS & Associates, Statutory Auditors of the Company, in relation to the accounting treatment mentioned in Clause 30.1 of the Scheme.

**2. VALUATION REPORT | ENTITLEMENT RATIO | ISSUE OF SHARES ON DEMERGER**

- 2.1. Valuer has recommended the following share entitlement ratio for demerger and vesting of the Demerged Undertaking from the Demerged Company to the Resulting Company and consequent issue of shares by the Resulting Company, in terms of the Scheme:





*\*10 (Ten) fully paid up equity shares of INR 10 (Indian Rupees Ten) each of the Resulting Company shall be issued and allotted for every 72 (Seventy Two) equity shares of INR 10 (Indian Rupees Ten) each held in the Demerged Company.\**

The valuation has been arrived at, based on methodologies outlined in the Valuation Report and various relevant qualitative factors, the business dynamics and growth potential of the business, having regard to Information base, key underlying assumptions and limitations.

- 2.2. In case any shareholder's shareholding in the Demerged Company is such that such shareholder becomes entitled to a fraction of an equity share of Resulting Company, as the case may be, Resulting Company shall not issue fractional share certificate to such shareholder but shall consolidate such fractions and round up the aggregate of such fractions to the next whole number and issue and allot the consolidated shares directly to a trustee(s) nominated by the Board of the Resulting Company in that behalf, who shall sell such shares in the market at such price or prices and on such time or times as the trustee(s) may in its sole discretion decide and on such sale, shall pay to Resulting Company, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon Resulting Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Demerged Company in proportion to their respective fractional entitlements.
- 2.3. The equity shares of the Resulting Company to be issued and allotted as provided in the Scheme shall be subject to the provisions of the memorandum of association and articles of association of the Resulting Company, as the case may be, and shall rank *par passu* in all respects with the existing equity shares of Resulting Company, as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached thereto.
- 2.4. No special valuation difficulties were reported by the valuer in their aforesaid report.
3. **Effect of the Scheme on the shareholders (including promoter and non-promoter) of the Demerged Company**
  - 3.1. There is only one class of shareholders, i.e. equity shareholders, which includes the promoter as well as non-promoter shareholders of the Demerged Company.
  - 3.2. On demerger, the Resulting Company will issue and allot its equity shares to each shareholder of the Demerged Company, whose name is recorded in the register of members of the Demerged Company on the Record Date, in terms of aforementioned share entitlement ratio.
  - 3.3. There would be no dilution or increase in the shareholding of the Demerged Company's promoter or non-promoter shareholders in the Demerged Company.

**4. Effect of the Scheme on KMPs of the Demerged Company**

The Scheme will have no effect on KMPs of the Demerged Company, except to the extent of their respective shareholding in the Demerged Company, if any and effect thereon as detailed in point 3 above.

For and on behalf of the Board

(Dinesh Mittal)  
Director  
DIN: 00105769

Place: New Delhi

Date: October 16, 2017



# Annexure "ES-5"

## SSPA & CO.

Chartered Accountants

1st Floor, "Arjun", Plot No. 6 A,

V. P. Road, Andheri (W),

Mumbai - 400 058, INDIA.

Tel. : 91 (22) 2670 4376

91 (22) 2670 3682

Fax : 91 (22) 2670 3916

Website : www.sspa.in

### STRICTLY PRIVATE & CONFIDENTIAL

October 16, 2017

The Board of Directors,  
Hindustan Media Ventures Limited  
Hindustan Times House, 18-20,  
Kasturba Gandhi Marg,  
New Delhi - 110 001

The Board of Directors,  
Indian Education Services Private Limited  
Hindustan Times House, 18-20,  
Kasturba Gandhi Marg,  
New Delhi - 110 001

Re: Recommendation of fair equity share entitlement ratio in consideration for the proposed demerger of "Business to Consumer (B2C) Division" of Indian Education Services Private Limited into Hindustan Media Ventures Limited.

Dear Sirs,

As requested by the management of Hindustan Media Ventures Limited (hereinafter referred to as "HMVL") and Indian Education Services Private Limited (hereinafter referred to as "IESPL") (hereinafter collectively referred to as the "Companies"), we have undertaken the valuation exercise of equity shares of HMVL and of the Business to Consumer (B2C) Division (hereinafter referred to as "Demerged Undertaking") of IESPL for recommending the fair equity share entitlement ratio for the proposed demerger of Demerged Undertaking of IESPL into HMVL.

#### 1. PURPOSE OF VALUATION

1.1 We have been informed that the Board of Directors of the Companies are considering a proposal for demerger of Demerged Undertaking of IESPL into HMVL in accordance with section 2(19AA) of the Income Tax Act, 1961 through a Scheme of Arrangement pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act 2013, including rules and regulations made thereunder (hereinafter referred to as the "Scheme"). Subject to necessary approvals, Demerged Undertaking of IESPL would be demerged into HMVL with effect from the Appointed Date of October 1, 2017 (hereinafter referred to as the "Appointed Date"). In consideration of



demerger of the Demerged Undertaking of IESPL into HMVL, equity shares of HMVL would be issued to the equity shareholders of IESPL.

- 1.2 For this purpose, we have carried out valuation of the Demerged Undertaking of IESPL and of equity shares of HMVL with a view to recommend fair equity share entitlement ratio of equity shares of HMVL to be issued to the equity shareholders of IESPL for consideration of the Board of Directors of the Companies.

**2. BRIEF BACKGROUND**

**2.1 HINDUSTAN MEDIA VENTURES LIMITED**

HMVL is a publisher of Hindi language dailies. HMVL's primary publication 'Hindustan' is circulated in Delhi-NCR, Bihar, Jharkhand, Uttar Pradesh and Uttarakhand. Its other brands are Nandan and Kadambini.

HMVL's publication 'Hindustan' covers news across the entire spectrum of international, national and local news relating to politics, business, entertainment, sports and other general interests. The shares of HMVL are listed on the National Stock Exchange of India Limited and DSE Limited.

The shareholding pattern as on September 30, 2017 is as follows:

Name of the shareholder	Shares	% Stake
HT Media Limited	5,45,39,456	74.30%
Public Shareholders	1,88,60,312	25.70%
<b>Total</b>	<b>7,33,99,770</b>	<b>100.00%</b>

**2.2 INDIA EDUCATION SERVICES PRIVATE LIMITED**

- 2.2.1 IESPL, incorporated on October 24, 2011 under the provisions of the Companies Act, 1956, is engaged, *inter alia*, in the business of providing all types of academic and non-academic services including providing all kinds of academic, technical, administrative infrastructure and management support to students, corporates, universities, educational institutions and colleges.

- 2.2.2 As informed by the Management of IESPL, the company is considering a Scheme of Capital Reduction with an Appointed Date of September 30, 2017, under section 66 and other applicable provisions of the Companies Act, 2013 whereby the paid-up share capital of the Company shall be reduced from INR 118.40 crores comprising of 11,84,00,000 equity shares of INR 10 each to INR 7 crores comprising of 20,00,000



equity shares of INR 10 each by writing off INR 116.40 crores of accumulated losses against equity share capital whereby 11,64,00,000 equity shares of INR 10 each would be cancelled.

The shareholding pattern of IESPL, post the proposed Capital Reduction, will be as below.

Name of the shareholder	Shares	% Stake
HT Media Limited	19,80,000	99.00%
Apollo Global Singapore Holding Pte Limited	20,000	1.00%
<b>Total</b>	<b>20,00,000</b>	<b>100.00%</b>

2.2.3 The proposed Demerger of Demerged Undertaking of IESPL into HMVL will be effected post the proposed Capital Reduction of IESPL, as mentioned in para 2.2.2 above.

### 2.3. DEMERGED UNDERTAKING OF IESPL

The Demerged Undertaking of IESPL is engaged in providing relatively long term higher education services courses to students/professionals etc., that range from 3 months to 1 year. Prospects are taken through a rigorous training program that includes conceptual inputs; hands on exercises; peer learning exercises, capstone projects, and inputs on interview handling and presentation skills. The participants are then placed in reputed organizations based on their experience and goodness-of-fit to the hiring organization.

### 3. SOURCES OF INFORMATION

For the purpose of our valuation exercise, we have relied upon the following sources of information, as provided to us by the management of the Companies:

- Management certified financial statements of HMVL for 3 months period ended June 30, 2017.
- Management certified position of assets and liabilities of Demerged Undertaking of IESPL proposed to be demerged into HMVL as on September 30, 2017, prepared in compliance with section 2(19AA) of the Income Tax Act, 1961.
- Projections for HMVL and Demerged Undertaking of IESPL, as provided by the Management of respective Companies.
- Draft Scheme of Arrangement for the proposed demerger of Demerged Undertaking of IESPL into HMVL.



- (e) Such other information and explanations as we have required and which have been provided by the Management of the Companies.
- (f) Other relevant details regarding the Companies such as their history, past and present activities, existing shareholding pattern and other relevant information and data, including information in the public domain.

#### **4. EXCLUSIONS AND LIMITATIONS**

- 4.1 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.
- 4.2 Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While SSPA has provided an assessment of the value based on the information available, application of certain formulae and within the scope and constraints of our engagement, others may place a different value to the same.
- 4.3. No investigation of 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. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.
- 4.4 Our work does not constitute an audit or certification of the historical financial statements / prospective results including the working results of the Companies / Demerged Undertaking 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. Valuation analysis and results are specific to the purpose of valuation and the valuation date mentioned in the report is as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- 4.5. 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 management of the Companies have drawn our attention to all the matters, which they are aware of concerning the



financial position of the Companies / Demerged Undertaking and any other matter, which may have an impact on our opinion, on the fair value of the shares of the Companies / Demerged Undertaking including any significant changes that have taken place or are likely to take place in the financial position of the Companies / Demerged Undertaking, subsequent to the Appointed Date for the proposed demerger. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

- 4.5. In the course of the valuation, we were provided with both written and verbal information. We have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Public information, estimates, industry and statistical information relied in this report have been obtained from the sources considered to be reliable. However, we have not independently verified such information and make no representation as to the accuracy or completeness of such information from or provided by such sources. Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Companies. We assume no responsibility for any errors in the above information furnished by the Companies and consequential impact on the present exercise.
- 4.7. 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, 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.
- 4.8. Our report is not, nor should it be construed as our opining or certifying the compliance of the proposed demerger 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 demerger.



- 4.9. This Report is prepared only in connection with the proposed Demerger exclusively for the use of the Companies and for submission to any regulatory/statutory authority as may be required under any law.
- 4.10. Any person/ party intending to provide finance / invest in the shares / business of the Companies / Demerged Undertaking 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.
- 4.11. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the proposed demerger as aforesaid, can be done only with our prior permission in writing.
- 4.12. SSPA & Co., nor its partners, managers, employees makes 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.

## **5. VALUATION APPROACH**

- 5.1. For the purpose of valuation for demerger, generally the following approaches are adopted.

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

In the present case, both HMVL and Demerged Undertaking of IESPL are intended to be continue on a 'going concern basis' and there is no intention to dispose off the assets, and therefore the "Underlying Asset" approach is not adopted for the present valuation exercise.

### **5.2. INCOME APPROACH**

Under "Income" approach the Discounted Cash Flow (DCF) method is used to value the shares of HMVL and the Demerged Undertaking of IESPL.

- 5.2.1 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 during the explicit projected period and the discounted value of perpetuity (i.e. the discounted value of expected free cash flows after the explicit projected period) is the value of the business.

- 5.2.2. The free cash flows represent the cash available for distribution to both the owners and the creditors of the business. The free cash flows are determined by adjusting profit before tax for (i) depreciation and amortizations (non-cash charge), (ii) interest on loans, if any and (iii) any non-operating item. The cash flow is adjusted for outflows on account of capital expenditure, tax and change in working capital requirements.
- 5.2.3. WACC is considered as the most appropriate discount rate in the DCF Method, since it reflects both the business and the financial risk of the company/division. 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 the company/division, we have arrived at the WACC to be used for discounting the free cash flows.
- 5.2.4. Appropriate adjustments have been made for value of investments, cash and cash equivalents, loan funds and contingent liabilities after considering the tax impact, wherever applicable, to arrive at the equity value of the Company / Demerged Undertaking.
- 5.2.5. The value as arrived above is divided by the outstanding number of equity shares to arrive at the value per share of HMVL and of Demerged Undertaking of IESPL (post the proposed Capital Reduction).

### 5.3. MARKET APPROACH

#### 5.3.1. MARKET PRICE METHOD:

The market price of an equity share as quoted on a stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares.

As mentioned earlier, the equity shares of HMVL are listed on recognized stock exchanges. Thus, under the Market Price method, the weighted average market price of HMVL over a reasonable period has been considered.

#### 5.3.2. PRICE OF RECENT TRANSACTION METHOD

The "Price of Recent Transaction" methodology determines the fair value based on any





recent transaction of shares of the company. Where there has been any recent transaction of shares of company between independent parties, the price of that transaction provides a basis of fair valuation.

In July 2017, HT Media Limited acquired 49% stake in IESPL from Apollo Global Singapore Holdings Pte Limited. The said transaction price has been considered under Price of Recent Transaction method, after adjusting for the net assets of remaining business of IESPL, to arrive at value of the Demerged Undertaking under market approach.

## 6. RECOMMENDATION OF FAIR EQUITY SHARE ENTITLEMENT RATIO

6.1. The fair basis of demerger of the Demerged Undertaking of IESPL into HMVL 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 an entitlement ratio it is necessary to arrive at a single value for the shares of each company. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of HMVL and Demerged Undertaking of IESPL.

6.2. Our exercise is to work out relative value of shares of the Companies to facilitate the determination of entitlement ratio. For this purpose, it is necessary to give appropriate weightage to the values arrived at under each approach.

We have considered it appropriate to give equal weightages to the values determined under the "Income" approach and the "Market" approach to arrive at relative fair value of shares of HMVL and of Demerged Undertaking of IESPL.

### Computation of fair equity share entitlement ratio

Valuation Approach	HMVL		Demerged Undertaking of IESPL	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Underlying Asset *	166.04	0	(34.64)	0
Income	317.95	1	41.67	1
Market	270.97	1	40.25	1
Relative Value per share	294.46		40.96	
Entitlement Ratio (Rounded Off)			7.20	



\* Note: As mentioned in Para 5.1, we have not adopted the 'underlying asset' approach for the present valuation exercise. However, we have computed the book value per share as per latest available financials for information purpose only, as required by BSE Limited and National Stock Exchange of India Limited vide their circulars No. 157/ACOMP/02/2017-18 dated May 29, 2017 and NSE/CML/2017/12 dated June 01, 2017 respectively.

6.3. The fair equity share entitlement ratio has been arrived on the basis of relative valuation of the shares of HMVL and of the Demerged Undertaking of IESPL based on the approach explained herein earlier and various qualitative factors relevant to the Company / Demerged Undertaking, the business dynamics and growth potential of the business of the Demerged Undertaking of IESPL and HMVL, having regard to information base, management representations and perceptions, key underlying assumptions and limitations.

6.4 In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment 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 Rd 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 117 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.'*

6.5 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, a fair



equity share entitlement ratio in the event of demerger of the Demerged Undertaking of IESPL into HMVL is as under:

10 (Ten) equity shares of HMVL of INR 10 each fully paid for every 72 (Seventy Two) equity shares of IESPL of INR 10 each fully paid (post the proposed Capital Reduction).

Thank you,  
Yours faithfully,

SSPA & Co



SSPA & CO.  
Chartered Accountants  
Firm registration number: 128691W

Signed by Parag Ved, Partner  
Membership No. 102432

Place: Mumbai



STRICTLY PRIVATE & CONFIDENTIAL

October 16, 2017

**The Board of Directors,**

**Hindustan Media Ventures Limited**

Hindustan Times House, 18-20,

Kasturba Gandhi Marg,

New Delhi – 110 001

**The Board of Directors,**

**India Education Services Private Limited**

Hindustan Times House, 18-20,

Kasturba Gandhi Marg,

New Delhi – 110 001

**Sub: Fairness Opinion on the Report by SSPA and Co. Chartered Accountants on the proposed demerger of "Business to Consumer (B2C) Division" of India Education Services Private Limited into Hindustan Media Ventures Limited.**

Dear Sirs,

We refer to our discussion wherein the Hindustan Media Ventures Limited (hereinafter referred to as "HMTL") and India Education Services Private Limited (hereinafter referred to as "IESPL"), (hereinafter collectively referred to as "Companies") has requested Fortress Capital Management Services Private Limited ("Us") to give a fairness opinion on the report issued by SSPA & Co., Chartered Accountants on the proposed demerger of "Business to Consumer (B2C) Division" of IESPL ("Demerged Undertaking") into HMTL.

## 1. BACKGROUND

### 1.1 Hindustan Media Ventures Limited

1.1.1 HMTL is a publisher of Hindi language dailies. HMTL's primary publication 'Hindustan' is circulated in Delhi-NCR, Bihar, Jharkhand, Uttar Pradesh and Uttarakhand. Its other brands are Nandan and Kadambini.



CIN : U67120MH2004PTC145815

**FORTRESS CAPITAL MANAGEMENT SERVICES PVT. LTD.**

Daryanagar House, 2nd Floor, 69, Maharshi Karve Road, Marine Lines, Mumbai - 400 002, INDIA

TEL : +91 (022) 2200 7073 / 74 / 75 / 76 • FAX : +91 (022) 2200 1400 • E-mail : fortress@fortress.co.in • Website : www.fortress.co.in



1.1.2 HMVL's publication 'Hindustan' covers news across the entire spectrum of international, national and local news relating to politics, business, entertainment, sports and other general interests.

1.1.3 The shares of HMVL are listed on the National Stock Exchange of India Limited and BSE Limited.

## 1.2 India Education Services Private Limited

1.2.1 IESPL, incorporated on October 24, 2011 under the provisions of the Companies Act 1956, is engaged in the business of providing all types of academic and non-academic services including providing all kinds of academic, technical, administrative, infrastructure and management support to students, corporates, universities and educational institutions and colleges.

1.2.2 As informed by the Management of IESPL, the company is considering a Scheme of Capital Reduction with an Appointed Date of September 30, 2017, under section 66 and other applicable provisions of the Companies Act, 2013 whereby the paid-up share capital of the Company shall be reduced from INR 118.40 crores comprising of 11,84,00,000 equity shares of INR 10 each to INR 2 crores comprising of 20,00,000 equity shares of INR 10 each by writing off INR 116.40 crores of accumulated losses against equity share capital whereby 11,64,00,000 equity shares of INR 10 each would be cancelled.

1.2.3 The proposed Demerger of Demerged Undertaking of IESPL into HMVL will be effected post the proposed Capital Reduction of IESPL, as mentioned in para 1.2.2 above.

## 1.3 Business to Consumer (B2C) Division of IESPL

The Demerged Undertaking of IESPL is engaged in providing relatively long term higher education services courses to students/professionals etc., that range from 3



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months to 1 year. Prospects are taken through a rigorous training program that includes conceptual inputs; hands-on exercises; peer learning exercises; capstone projects; and inputs on interview handling and presentation skills. The participants are then placed in reputed organizations based on their experience and goodness-of-fit to the hiring organization.

## 2. PURPOSE OF REPORT

- 2.1 We have been informed that the Board of Directors of the Companies are considering a proposal for demerger of Demerged Undertaking of IESPL into HMVL in accordance with section 2(19AA) of the Income Tax Act, 1961 through a Scheme of Arrangement pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act 2013, including rules and regulations made thereunder (hereinafter referred to as the "Scheme"). Subject to necessary approvals, Demerged Undertaking of IESPL would be demerged into HMVL with effect from the Appointed Date of October 1, 2017 (hereinafter referred to as the "Appointed Date"). In consideration of demerger of the Demerged Undertaking of IESPL into HMVL, equity shares of HMVL would be issued to the equity shareholders of IESPL.
- 2.2 In this connection, SSPA & Co., Chartered Accountants ("Valuer") has been appointed to recommend the fair share entitlement ratio for the proposed demerger.
- 2.3 Accordingly, HMVL has appointed us to give a fairness opinion on report issued by Valuer in connection with the proposed Demerger.
- 2.4 The information contained in our report herein is confidential. It is intended only for the sole use of captioned purpose including for obtaining the requisite statutory approvals.



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Daryanagar House, 2nd Floor, 69, Maharshi Karve Road, Marine Lines, Mumbai - 400 002 INDIA



### 3. SOURCES OF INFORMATION

For the purposes of this exercise, we have relied upon the following sources of information:

- 3.1 Management certified financial statements of HMVL for 3 months period ended June 30, 2017.
- 3.2 Management certified position of assets and liabilities of Demerged Undertaking of IESPL proposed to be demerged into HMVL as on September 30, 2017, prepared in compliance with section 2(19AA) of the Income Tax Act, 1961.
- 3.3 Projections for HMVL and Demerged Undertaking of IESPL, as provided by the Management of respective Companies.
- 3.4 Draft Scheme of Arrangement for the proposed demerger of Demerged Undertaking of IESPL into HMVL.
- 3.5 Report dated October 16, 2017 of Valuer.
- 3.6 Other relevant details regarding the Companies such as their history, past and present activities, future plans and prospects, existing shareholding pattern, income-tax position and other relevant information and data, including information in the public domain.
- 3.7 Such other information and explanations as we required and which have been provided by the Management including Management Representations and by Valuer.



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#### 4. EXCLUSIONS AND LIMITATIONS

- 4.1 Our conclusion is based on the information furnished to us being complete and accurate in all material respects. We have relied upon the historical financials and the information and representations furnished to us without carrying out any audit or other tests to verify its accuracy with limited independent appraisal.
- 4.2 We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the companies.
- 4.3 Our work does not constitute verification of historical financials or including the working results of the Companies 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.
- 4.4 Our opinion is not intended to and does not constitute a recommendation to any shareholders as to how such shareholder should vote or act in connection with the Scheme or any matter related therein.
- 4.5 Our liability (statutory or otherwise) for any economic loss or damage arising out of the rendering this Opinion shall be limited to amount of fees received for rendering this Opinion as per our engagement with HMVL.
- 4.6 Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed demerger with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.
- 4.7 We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.



CIN : U67120MH2004PTC145815

**FORTRESS CAPITAL MANAGEMENT SERVICES PVT. LTD.**

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- 4.8 We do not express any opinion as to the price at which shares of the Resulting Company may trade at any time, including subsequent to the date of this opinion.
- 4.9 Any person/party intending to provide finance/invest in the shares/businesses of any 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. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the proposed demerger as aforesaid, can be done only with our prior permission in writing.
- 4.10 This certificate has been issued for the sole purpose to facilitate the Company to comply with SEBI (Listing Obligations and disclosure requirements) Regulations, 2015 and SEBI Circular No CFD/DIL3/CIR/2017/21 dated March 10, 2017.
- 4.11 Fortress Capital Management Services Private Limited, nor its directors, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the fairness opinion is given. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the opinion.

## 5. VALUATION METHODOLOGY ADOPTED BY VALUER

For the purposes Valuation of Companies and recommending the entitlement ratio, the Valuer has adopted "Discounted Cashflow Method" under Income approach and "Market Price Method" under Market Approach for HMVL and "Discounted Cashflow Method" under Income Approach and "Price of Recent Transaction Method" under Market Approach for Demerged Undertaking of IESPL



CIN . U67120MH2004PTC145815

**FORTRESS CAPITAL MANAGEMENT SERVICES PVT. LTD.**

Daryanagar House, 2nd Floor, 69, Mahorshi Karve Road, Marine Lines, Mumbai - 400 002. INDIA

## 6. CONCLUSION

- 6.1 We have reviewed the Scheme of Arrangement and methodology as mentioned above used by the Valuer for arriving at the valuation of the equity shares of the Companies and also reviewed the working and underlying assumptions adopted to arrive at the values under each of the above approaches, for the purposes of recommending entitlement ratio for Shares.
- 6.2 On the basis of the foregoing and based on the information and explanation provided to us, in our opinion, the share entitlement ratio of **10 (Ten) Equity Share of HMVL of INR 10 each fully paid up for every 72 (Seventy Two) Equity share of IESPL of INR 10 each fully paid up (post the proposed Capital Reduction)** recommended by Valuer is fair and reasonable

Thanking you,

Yours faithfully,

**For Fortress Capital Management Services Pvt. Ltd.**

*Nitin M. Joshi*



**Authorized Signatory**

**Place: Mumbai**

**SEBI Registration No.: INM000011146**

CIN : U67120MH2004PTC145815

**FORTRESS CAPITAL MANAGEMENT SERVICES PVT. LTD.**

Daryanagar House, 2nd Floor, 69, Maharshi Karve Road, Marine Lines, Mumbai - 400 002, INDIA

Tel : (022) 2800 7070 / 74 / 75 / 76 / 51 Fax : (022) 2800 1100 E-mail : fortress@fortress.in Website : www.fortress.in

# Hindustan Media Ventures Limited

Office :  
C-154, Sector-63, Noida  
Dist. Gurgaon/Delhi Nagar UP - 201301  
Ph : 0120 - 4765650  
E-mail : corporatedept@hindustanimes.com  
CIN : L21090BR1918PLC000013

Ref: HMVL/CS/46/2018

23<sup>rd</sup> February, 2018

The Listing Department  
BSE Limited  
P.J. Towers, Dalal Street  
**MUMBAI - 400 001**

The Listing Department  
The National Stock Exchange of India Limited  
Exchange Plaza, 5th Floor, Plot No. C/1, G Block  
Bandra-Kurla Complex, Bandra (East)  
**MUMBAI - 400 051**

Script Code: 533717  
Trading Symbol: HMVL

Re: Filing of the 'Complaints Report' under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10<sup>th</sup> March, 2017

Sub: Application under Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the proposed Scheme of Arrangement between India Education Services Private Limited ("Demerged Company") and Hindustan Media Ventures Limited ("Resulting Company") and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Scheme")

Dear Sir,

With reference to the captioned subject and further to our application dated 11<sup>th</sup> December, 2017 filed under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10<sup>th</sup> March, 2017, please find enclosed the "Complaints Report" in Annexure - A from the date of hosting of the Scheme on the website of BSE Limited (i.e. 31<sup>st</sup> January, 2018) and the Designated Stock Exchange viz. National Stock Exchange of India Limited (i.e. 1<sup>st</sup> February, 2018).

The Complaints Report will also be uploaded on the website of the Company i.e. "www.hmvl.in" as per the requirement of the said Circular.

You are requested to take the above on your records and kindly accord your "No Objection" to the Scheme at the earliest.

Thanking you,

Yours faithfully,

For Hindustan Media Ventures Limited

  
(Pradip Barat)  
Company Secretary  
Encl: As above



Registered Office :

Buddh Marg, Patna - 800001

Ph : 0612-223434, 222377, 222413, 222314, 222258

Fax : 0612-2225120

कारम्बिनी

हिन्दुस्तान

नंदन

**Complaints Report**

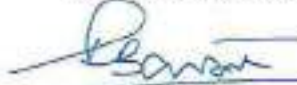
**Part A**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Number</b>
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchanges / SEBI	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Not applicable
5.	Number of complaints pending	Not applicable

**Part B**

<b>Sr. No.</b>	<b>Name of complainant</b>	<b>Date of complaint</b>	<b>Status (Resolved/Pending)</b>
	Not applicable	Not applicable	Not applicable

For Hindustan Media Ventures Limited



(Tridib Barot)  
Company Secretary

Date: 23<sup>rd</sup> February, 2018  
Place: New Delhi





DCS/AMAL/PB/R37/1129/2018-19

May 14, 2018

The Company Secretary  
Hindustan Media Ventures Ltd.  
Budh Marg, Patna,  
Bihar, 800001

Sir,

**Sub: Observation letter regarding the Draft Scheme of Arrangement between Hindustan Media Ventures Limited and India Education Services Private Limited**

We are in receipt of Draft Scheme of Arrangement between Hindustan Media Ventures Limited and India Education Services Private Limited and their respective shareholders and Creditors filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated May 10, 2018, has inter alia given the following comment(s) on the draft scheme of arrangement:

- "Company shall ensure that applicable information pertaining to unlisted entity India Education Services Private Limited is included in the abridged prospectus as per the format specified in the circular."
- "Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, from the date of receipt of this letter is displayed on the websites of the listed company."
- "Company shall duly comply with various provisions of the Circulars."
- "Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT."
- "It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT. Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.



BSE Limited (Formerly Bombay Stock Exchange Ltd.)  
Registered Office : Floor 25, P J Towers, Dalal Street, Mumbai 400 001, India  
T: +91 22 2272 1234/33 | E: corp.com@bseindia.com | www.bseindia.com  
Corporate Identity Number: L67120MH2005PLC155198

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,

Nrieh Pujari  
Sr. Manager

Ref: NSE/LIST/14458

May 16, 2018

The Company Secretary  
Hindustan Media Ventures Limited  
2nd Floor, 18-20,  
Kasturba Gundhi Marg,  
New Delhi – 110001

**Kind Attn.: Mr. Tridib Barat**

Dear Sir,

**Suh: Observation Letter for Draft Scheme of Arrangement between India Education Services Private Limited and Hindustan Media Ventures Limited and their respective shareholders.**

We are in receipt of the scheme of Scheme of Arrangement between India Education Services Private Limited and Hindustan Media Ventures Limited and their respective shareholders vide application dated December 15, 2017.

Based on our letter reference no Ref: NSE/LIST/36586 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular'), SEBI vide letter dated May 10, 2018, has given following comments:

- a. *Company to ensure that applicable information pertaining to unlisted India Education Services Private Limited is included in the abridged prospectus as per the format specified in the circular.*
- b. *The Company shall ensure that additional information, if any, submitted by the Company, after filing the scheme with the stock exchange, from the receipt of this letter is displayed on the website of the listed company.*
- c. *The Company shall duly comply with various provisions of the Circulars.*
- d. *The Company is advised that the observations of SEBI/ Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.*
- e. *It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/observations/ representations.*

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our "No-objection" in terms of regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with NCLT.

This Document is Digitally Signed

Signer: Dhya Babu Poojari  
Date: Wed, May 16, 2018 18:41:01 IST  
Location: NSE

Regd. Office: Exchange Plaza, Plot No. C/1, G-Block, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051, India  
CIN: U67120MH1992PLC069769 Tel: +91 22 26598235/36, 26598346, 26598459/26598458 Web site: [www.nseindia.com](http://www.nseindia.com)



However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from May 16, 2018, within which the scheme shall be submitted to NCLT.

Yours faithfully,  
For National Stock Exchange of India Ltd.

Divya Poojari  
Sr. Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL [http://www.nseindia.com/corporates/content/further\\_issues.htm](http://www.nseindia.com/corporates/content/further_issues.htm)



**Before the National Company Law Tribunal  
Kolkata Bench  
Miscellaneous Application No.1181/KB/2018  
Connected With  
Company Application No.755/KB/2018**

In the Matter of the Companies Act, 2013 - Section 230(1) read with Section 232(1)

And

In the Matter of :

Rule 11 of the National Company Law Tribunal Rules, 2016

And

In the Matter of :

Hindustan Media Ventures Limited, a Company incorporated under the provisions of the Companies Act, 1913 and being a Company within the meaning of the Companies Act, 2013 having Corporate Identification No. L21090BR 1918PLC000013 and its registered office at Budh Marg, Patna - 800 001 in the State of Bihar.

..... Applicant

**PROXY FORM FOR MEETING OF EQUITY SHAREHOLDERS**

(As per Form MGT 11 and pursuant to Sections 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

CIN: L21090BR1918PLC000013

Name of the Company: Hindustan Media Ventures Limited

Registered office: Budh Marg, Patna - 800 001

Name of Equity Shareholder :

Registered Address :

Email Id :

Ledger Folio No or DP ID/Client ID No.:

I/We, being the Equity Shareholder(s) of .....Shares of above named company, hereby appoint

1. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Email ID: \_\_\_\_\_  
Signature: \_\_\_\_\_, or failing him/her
2. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Email ID: \_\_\_\_\_  
Signature: \_\_\_\_\_, or failing him/her
3. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Email ID: \_\_\_\_\_  
Signature: \_\_\_\_\_, or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Meeting of the Equity Shareholders of the company, to be held on Friday, March 8, 2019 at 2:00 p.m. at the registered office of the Company at Budh Marg, Patna - 800 001, and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolution	For*	Against*
1.	To consider and, if thought fit, approve, with or without modifications the Scheme of Arrangement between India Education Services Private Limited (Demerged Company) and Hindustan Media Ventures Limited (Resulting Company) and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013		

Signed this..... day of..... 2019



(Sign across the stamp)

Signature of shareholder

Signature of Proxy holder(s)

**\*It is optional to indicate your preference. If you leave 'For' or 'Against' column blank against the resolution(s), your proxy will be entitled to vote in the manner as he/she may deem appropriate**

Notes:

1. This Proxy form in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. Please affix appropriate revenue stamp before putting signature.
3. The Proxy form should be signed across the stamp as per specimen signature registered with the Registrar & Share Transfer Agent/Depository.
4. All alterations made in the Proxy form should be initialled.
5. Proxy need not be a shareholder of Hindustan Media Ventures Limited.
6. No person shall be appointed as a proxy who is a minor.
7. If Company receives multiple proxies for the same holding of an equity shareholder, the Proxy which is dated last shall be considered valid; if they are not dated or bear the same date without specific mention of time, all such multiple Proxies shall be treated as invalid.
8. The proxy of a shareholder, blind or incapable of writing, would be accepted if such shareholder has attached his signature or mark thereto in the presence of a witness who shall add to his signature, his description and address: provided that all insertions in the proxy are in the handwriting of the witness and such witness shall have certified at the foot of the proxy that all such insertions have been made by him at the request and in the presence of the shareholder before he attached his signature or mark.
9. The proxy of a shareholder who does not know English would be accepted if it is executed in the manner prescribed in point no. 8 above and the witness certifies that it was explained to the shareholder in the language known to him, and gives the shareholder's name in English below the signature
10. For the Resolution(s), Explanatory Statement and Notes, please refer the Notice.



**HINDUSTAN MEDIA VENTURES LIMITED**

**CIN:** L21090BR1918PLC000013

**Registered Office:** Budh Marg, Patna 800 001

**Ph:** +91 612 222 3434 **Fax:** +91 612 222 1545

**Corporate Office:** Hindustan Times House (2<sup>nd</sup> floor)

18-20, Kasturba Gandhi Marg, New Delhi- 110 001

**Ph:** +91 11 6656 1608 **Fax:** +91 11 6656 1445

**Email:** hmvlinvestor@livehindustan.com **Website:** www.hmvl.in

**ATTENDANCE SLIP**

(To be handed over at the entrance of the Meeting Hall)

Folio No/ DP ID & Client ID No#	
Name of Member	
Name of Proxyholder/ Authorised Representative, attending if any*	
Registered Address of Member	
Number of Shares held by Member	

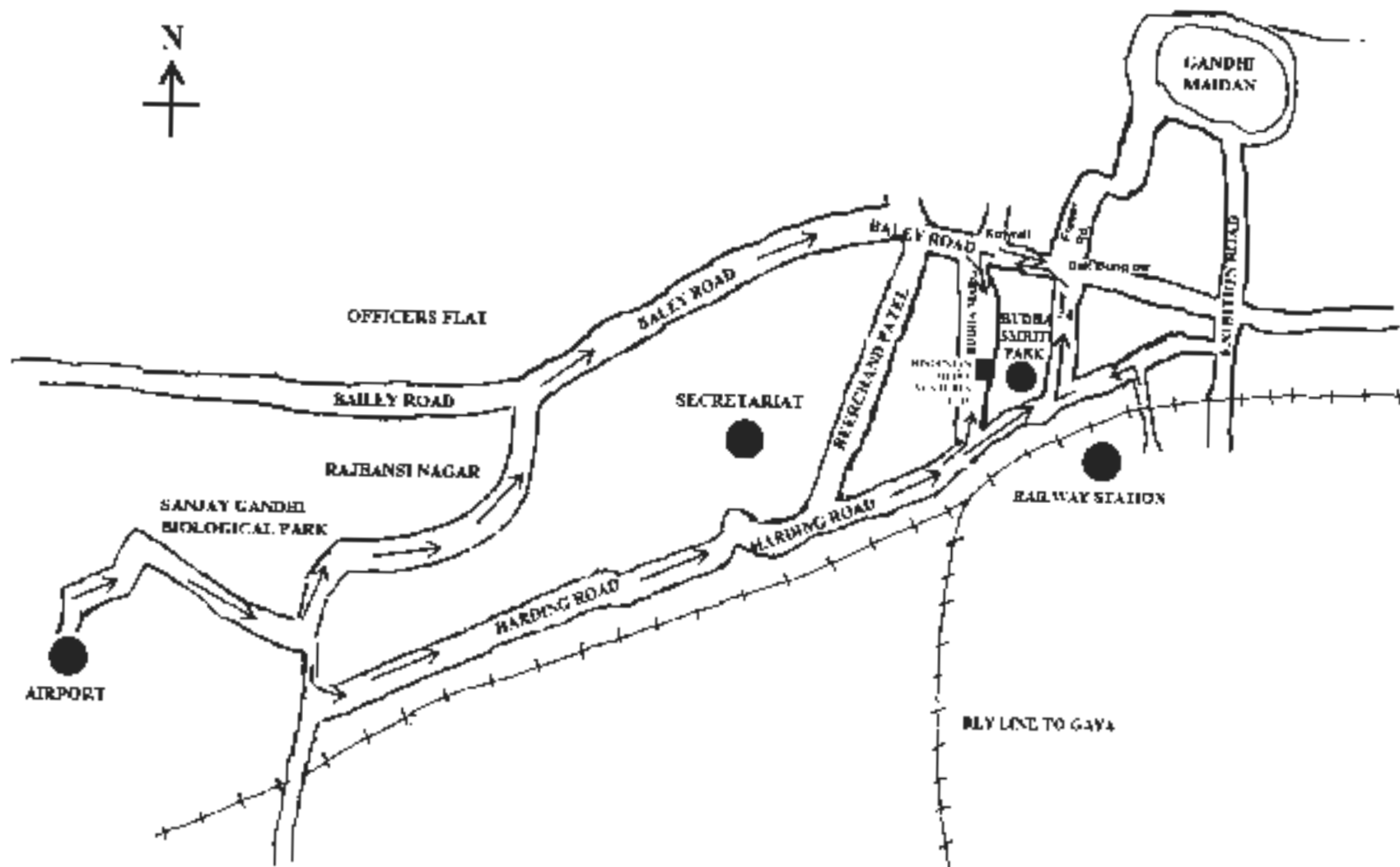
I hereby record my presence at the Meeting of Equity Shareholders of Hindustan Media Ventures Limited, convened pursuant to Order of the Hon'ble National Company Law Tribunal, Kolkata Bench, on Friday, March 8, 2019 at 2:00 p.m at the registered office of Hindustan Media Ventures Limited at Budh Marg, Patna - 800001.

\_\_\_\_\_  
Signature of the Member/Authorised Representative/Proxyholder\*

\* Strike out whichever is not applicable

# Applicable for shareholders holding shares in dematerialised form.

Route map of the venue of Meeting



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