

February 18, 2020

National Stock Exchange of India Limited,
Listing Department, Exchange Plaza,
Plot No. C/1, G-Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai-400051
Trading Symbol : **NETWORK18**

BSE Limited,
Department of Corporate Services – Listing,
P J Towers, Dalal Street,
Mumbai – 400 001

SCRIP CODE: **532798**

Sub: Outcome of the Board Meeting – Composite Scheme of Amalgamation and Arrangement

Dear Sirs,

We would like to inform you that the Board of Directors of Network18 Media & Investments Limited (“**Company**”) at its meeting held on February 17, 2020, on the recommendation of the Audit Committee, has approved the Composite Scheme of Amalgamation and Arrangement under Sections 230 to 232 read with Section 66 and other relevant provisions of the Companies Act, 2013 between the Company, Den Networks Limited (“**Den**”), Hathway Cable and Datacom Limited (“**Hathway**”), TV18 Broadcast Limited (“**TV18**”), Media18 Distribution Services Limited (“**Media18**”), Web18 Digital Services Limited (“**Web18**”) and Digital18 Media Limited (“**Digital18**”) (“**Scheme**”).


The Scheme *inter alia* provides for amalgamation of Den, Hathway and TV18 into the Company (“**Amalgamation**”) and transfer of the cable, broadband and digital businesses in 3 (three) separate wholly owned subsidiaries of the Company, namely Media18, Web18 and Digital18, respectively (“**Business Transfers**”).

The said Scheme is *inter alia* subject to approval from shareholders and creditors of the companies which are party to the Scheme, approval of the BSE Limited, the National Stock Exchange of India Limited, the Securities and Exchange Board of India, the Central Government, the Hon’ble National Company Law Tribunal, the Department of Telecommunication and any other appropriate authorities as may be required.

In this respect, disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI circular no. CIR/CFD/CMD/4/2015 dated September 9, 2015 is enclosed at **Annexure A**.

This is for your information and records.

Thanking You,
For Network18 Media & Investments Limited



(Ratnesh Rukhariyar)
Company Secretary

Encl.: As above

Network18 Media & Investments Limited

(CIN - L65910MH1996PLC280969)

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1. Name of the entities forming a part of the Scheme, their area of business and other details in brief such as, size, turnover, etc.

- 1.1 Network18 Media & Investments Limited (“**Network18**” / the “**Company**”) – Network18 has presence in several media and entertainment businesses directly and through its subsidiaries like general news channels in Hindi, English and other regional languages, business news channels in Hindi, English and Gujarati, general entertainment channels in Hindi, English and other regional languages, factual entertainment channels, business of printing and publishing magazines, digital business, content creation and production business. The equity shares of the Company are listed on the BSE Limited (“**BSE**”) and the National Stock Exchange of India Limited (“**NSE**”).
- 1.2 Den Networks Limited (“**Den**”) – Den is engaged in the business of (i) providing cable television services as Multisystem Operators; and (ii) broadband services through wholly owned subsidiary. The equity shares of Den are listed on the BSE and the NSE.
- 1.3 Hathway Cable and Datacom Limited (“**Hathway**”) - Hathway is in the business of (i) wired broadband services; (ii) cable television services through its subsidiaries and joint ventures; and (iii) distribution of over the top services. The equity shares of Hathway are listed on the BSE and the NSE.
- 1.4 TV18 Broadcast Limited (“**TV18**”) – TV18 is engaged in the media business and it broadcasts general news channels in Hindi, English and other regional languages and business news channels in Hindi, English and Gujarati and also broadcasts, through its subsidiaries, general entertainment channels in Hindi, English and other regional languages as well as factual entertainment channels. The equity shares of TV 18 are listed on the BSE and the NSE.
- 1.5 Media18 Distribution Limited (“**Media18**”) – Media18 is a wholly-owned subsidiary of Network18 and has been incorporated to carry on the business of setting up, acquiring, holding / investing in and/or promoting various ventures inter alia relating to cable television services encompassing distribution, relaying and transmission of signals.
- 1.6 Web18 Digital Services Limited (“**Web18**”) – Web18 is a wholly-owned subsidiary of Network18 and has been incorporated to carry on the business of setting up, acquiring, holding / investing in and promoting various ventures inter alia relating to the business of operating internet services, broadband services, ISDN services, leased line services and VSAT services.
- 1.7 Digital18 Media Limited (“**Digital18**”) - Digital18 is a wholly-owned subsidiary of Network18 Media & Investments Limited and has been incorporated to carry on business of setting up, acquiring, holding / investing in and /or promoting various ventures inter alia relating to the business of broadcasting, telecasting, relaying,

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transmitting or distributing digitally or in any other manner, any audio, video or other programmes or software.

- 1.8 The paid-up share capital, net worth, and turnover the companies which are party to the Scheme are as follows:

(Amount in Rs. crore)

Company	Paid-up Capital *	Turnover *	Net Worth *
Network18	523.47	85.76	1257.50
Den	477.22	889.06	2704.22
Hathway	354.02	416.37	4305.68
TV18	342.87	848.90	2780.07
Media18	0.01	Not Applicable	0.01
Web18	0.01	Not Applicable	0.01
Digital18	0.01	Not Applicable	0.01

* The aforesaid information for Network18, Den, Hathway and TV18 are as on December 31, 2019 on a standalone basis. The information for Media18, Web18 and Digital18 are as on February 1, 2020, as these companies are newly incorporated companies.

2. Whether the transaction would fall within related party transaction(s) and if yes, nature of interest and details thereof and whether the same is done at “arm’s length”?

2.1 Network18 and TV18 are under the sole control of Independent Media Trust, whose sole beneficiary is Reliance Industries Limited (“**Reliance**”). Den and Hathway are under the sole control of Digital Media Distribution Trust, whose sole beneficiary is a wholly owned subsidiary of Reliance. Media18, Web18 and Digital18 are wholly-owned subsidiaries of the Company. Thus, all the companies involved in the Scheme are related parties.

2.2 The consideration for the Amalgamation being the “Share Exchange Ratio” is based on the valuation report provided by BDO Valuation Advisory LLP, Registered Valuer (BDO) and MSKA & Associates, Chartered Accountants (MSKA). Citigroup Global Markets India Private Limited, Merchant Banker, has issued its fairness opinion on the Share Exchange Ratio. The Business Transfers under the Scheme shall be carried out at the tax net-worth of the respective businesses.

2.3 The transactions under the Scheme are on an arm’s length basis.

2.4 The promoter/promoter group of the Company do not have any interest in the Scheme, other than for shares of the Company that would be issued to them in lieu of the shares held by them in the Amalgamating Companies.

2.5 The Scheme is *inter-alia*, subject to approval of the majority of the public shareholders of the Company and the Amalgamating Companies, in terms of the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended from time to time.

3. Rationale for the Scheme

The rationale of the Scheme, *inter alia*, is:

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- 3.1 Network18 and TV18 are under the sole control of Independent Media Trust, whose sole beneficiary is Reliance. Den and Hathway are under the sole control of Digital Media Distribution Trust, whose sole beneficiary is a wholly owned subsidiary of Reliance. The Amalgamating Companies and Network18 are engaged in complementary businesses.
- 3.2 The Scheme seeks to restructure the broadcasting, digital, media, broadband and cable distribution businesses of the scheme entities and achieve consolidation under a single publicly listed company. This restructuring will enable the shareholders of the Amalgamating Companies and Network18 to diversify into broadcasting, digital, media, broadband and cable distribution business.
- 3.3 This Scheme will result in *inter alia* the following benefits:
- (a) The restructuring shall create value-chain integration, and render substantial economies of scale while also simplifying the corporate structure of the group by reducing the number of listed entities.
 - (b) The aggregation of a content powerhouse across news and entertainment (both linear and digital) and the country's largest cable distribution network under the same umbrella shall boost efficiency and exploit synergies, creating value for all stakeholders.
 - (c) An integrated media play shall further increase the breadth as well as depth of the group's consumer touch points and benefit from capturing entire subscription revenues within Network18 which was hitherto spread between broadcasting and distribution entities.
 - (d) The reorganization furthers the group strategy of building a media powerhouse that is agnostic across pipes, platforms and screens.
 - (e) Further, each of the cable, broadband and digital businesses would operate under separate wholly owned subsidiaries thereby creating focused management and ring-fencing of risks.

4. Consideration

The consideration would be discharged as follows:

- for the amalgamation of Den with the Company, the Company will issue and allot to each Eligible Shareholder of Den, equity shares in the Company, in the ratio of 191 Equity Shares of the face value of Rs. 5 each (credited as fully paid up) of the Company for every 100 equity shares of the face value of Rs. 10 each (credited as fully paid-up) held by such shareholder in Den;
- for the amalgamation of Hathway with the Company, the Company will issue and allot to each Eligible Shareholder of Hathway, Equity Shares in the Company, in the ratio of 78 equity shares of the face value of Rs. 5 each (credited as fully paid up) of the Company for every 100 equity shares of the face value of Rs. 2 each (credited as fully paid-up) held by such shareholder in Hathway;

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- for the amalgamation of TV18 with the Company, the Company will issue and allot to each Eligible Shareholder of TV18, equity shares in the Company, in the ratio of 92 Equity Shares of the face value of Rs. 5 each (credited as fully paid up) of the Company for every 100 equity shares of the face value of Rs. 2 each (credited as fully paid-up) held by such shareholder in TV18; and
- the Business Transfers under the Scheme shall be carried out at the net-worth of the respective businesses computed under Section 50B of the Income Tax Act, 1961. The consideration for Business Transfer shall be discharged by each of Media18, Web18 and Digital18 by issue of securities to the Company.

5. Brief details of change in shareholding pattern (if any) of listed entity

Category	Before Scheme		Post Scheme	
	No of Shares	Percentage Shareholding	No of Shares	Percentage Shareholding
Promoters	78,52,11,389	75.00	263,95,94,264	64.27
Public	26,17,37,130	25.00	146,75,13,543	35.73
Total	104,69,48,519	100.00	410,71,07,807	100.00

Pursuant to the Scheme, Den, Hathway and TV18 will be dissolved without winding up.

6. **Business Transfers** - Details of the transferred undertakings and the amount and percentage of the turnover or revenue or income and net worth contributed by such unit of the listed entity during the last financial year

Under the Scheme, the Cable Business Undertaking, the ISP Business Undertaking and the Digital Business Undertaking of the amalgamated Network18 will be transferred to wholly owned subsidiaries of the Company.

Turnover and Net worth

Cable Business Undertaking and ISP Business Undertaking – These undertakings were not part of the Company during the last financial year. These undertakings are being transferred to the Company pursuant to the Amalgamation and simultaneously being transferred to wholly-owned subsidiaries under the Scheme.

Digital Business Undertaking - The turnover and net worth as on March 31, 2019 were Rs. 74 crore and Rs. 558 crore respectively.

7. The expected date of completion of sale/disposal

The Scheme is *inter alia* subject to approval from shareholders and creditors of the companies which are party to the Scheme, approval of the BSE, NSE, the Securities and Exchange Board of India, the Central Government, the Hon'ble National Company Law Tribunal, the Department of Telecommunication and any other appropriate authorities as may be required.

The Appointed Date for the Scheme is February 1, 2020.

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