

## Annexure - D

### Report of Audit Committee recommending the Draft Scheme of Arrangement amongst of Pressman Advertising Limited (The 'Transferor Company') into Signpost India Limited (Formerly known as Signpost India Private Limited) (The 'Transferee Company')

#### Present:

Mr AjitKhandelwal : Chairman  
Mr Navin Suchanti : Member  
Mr Sushil Kumar Mor : Member

#### In Attendance:

Mr B G Pasari : Chief Financial Officer  
MsPaulami Mukherjee : Company Secretary & Compliance Officer

#### Background

A meeting of the Audit Committee was held on 24<sup>th</sup> June 2022 to consider and, if thought fit, recommend the proposed Scheme of Arrangement ("Scheme") between Pressman Advertising Limited (the "Transferor Company, PAL"), Signpost India Limited (Formerly Known as Signpost India Private Limited) (the "Transferee Company, SIL") and their respective shareholders wherein the Transferor Company would stand transferred to and vested in Transferee Company and Transferor Company stands dissolved without winding up with effect from the appointed date i.e. April 1, 2022 in accordance with the terms of the Scheme and pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Act") and the rules and regulations made thereunder, as amended from time to time (including any statutory modification(s) or re-enactment thereof for the time being in force) and regulation 11, 37 and 94 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015 ("SEBI LODR Regulations") and the Master Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 (as amended from time to time) issued by the Securities and Exchange Board of India ("SEBI Circular"), as amended from time to time.

The Company is incorporated under the provisions of the Companies Act, 1956. The equity shares of the Company is listed on BSE Limited, National Stock Exchange of India Limited and The Calcutta Stock Exchange Limited (collectively referred to as "Stock Exchanges").

This report of the Audit Committee is made in order to comply with the requirements of SEBI LODR Regulations and SEBI Circular.

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*Paulami Mukherjee*  
Company Secretary

The following documents were placed before the Audit Committee:

### Draft Scheme of Arrangement

Valuation Report dated 24<sup>th</sup> June, 2022, issued by Mr Nikhil Singhi (IBBI Registration No. IBBI/RV/06/2019/11089) for determination of Share Entitlement Ratio under the Scheme ("**Valuation Report**");

Fairness Opinion dated 24<sup>th</sup> June, 2022 prepared by Inga Ventures Private Limited; an Independent SEBI registered Category-1 Merchant Banker, providing fairness opinion on the valuation of the shares and the share entitlement ratio as recommended in the Valuation Report. ("**Fairness Opinion**");

Certificate dated 24<sup>th</sup> June 2022 issued by Mookherjee Biswas & Associates, Chartered Accountants, Statutory Auditors of Transferor and M/s Sarda Soni Associates, LLP Statutory Auditors of Transferee Company confirming that the accounting treatment contained in the Scheme is in compliance with all the applicable accounting standards specified by the Central Government under Section 133 of Companies Act, 2013 and other generally accepted accounting principles; and

Audited financial statements of the Transferor Company and the Transferee Company for the year ending March 31, 2022, March 31, 2021 and March 31, 2020.

### Proposed Scheme

#### Salient Features

The Audit Committee considered and observed that the draft Scheme provides for the following:

Reduction of Share Capital of Transferee Company by paying off excess paid up equity share capital of Signpost India Limited (Formerly Known as Signpost India Private Limited) and alter its memorandum by reducing the number of equity shares and amount of equity share capital by issuing unlisted, unsecured, non-convertible, redeemable debentures (NCD)

The Scheme is for amalgamating the entire business of the company with Signpost India Limited (Formerly Known as Signpost India Private Limited) in accordance with Section 230 to 232 and other applicable provisions of the Act, the provisions of the SEBI Scheme Circular and the Income Tax Act, 1961, including Section 2(1B) thereof;

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Company Secretary

The Appointed Date means the opening of business hours on April 1, 2022 or such other date as may be approved by the National Company Law Tribunal, Mumbai Bench ("NCLT"); and National Company Law Tribunal, Kolkata Bench ("NCLT")

In consideration of the proposed Scheme, the Transferee Company will issue and allot equity shares, to each shareholder of the Transferor Company, whose names appear in the register of members of Transferor Company on the record date as may be fixed for the purpose by the Board of Transferee Company in consultation with the Transferor Company (hereinafter referred to as "the **Record Date**"), in the following manner:

"1 (one) equity share of Rs 2/- each fully paid up of Transferee Company for every 1(one) equity share of Rs 2/- each fully paid up held in Transferor Company."

The equity shares proposed to be allotted by the Transferee Company will be listed on BSE Limited and National Stock Exchange of India Limited, recognized stock exchanges having nationwide trading platform.

The Transferor Company and the Transferee Company shall follow the method of accounting as per the applicable accounting principles as prescribed under the Companies (Indian Accounting standards) Rules, 2015 (Ind AS) as notified under Section 133 of the Act, as may be amended from time to time and relevant clarifications issued by Institute of Chartered Accountants of India.

This Scheme is and shall be conditional upon and subject to:

The requisite consents, no-objections and approvals of the Stock Exchanges and SEBI to the Scheme in terms of the SEBI Circular.

The approval of the Scheme by the respective requisite majorities in number and value of the shareholders of the Companies in accordance with section 230 to 232 of the Act;

The Scheme being sanctioned by the Tribunal in terms of sections 230 to 232 and other relevant provisions of the Act and the requisite orders of the Tribunal and

Certified copies of the orders of the Tribunal sanctioning this Scheme being filed with the relevant Registrar of Companies by Transferor Company and Transferee Company as per the provisions of the Companies Act.

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Company Secretary

### Need and Rationale of the Scheme of Arrangement

The Audit Committee noted the rationale and need for the merger of the Transferor Company into Transferee Company, as provided in the draft scheme of arrangement, and which is reproduced hereunder:

The present share capital of Transferee Company is large in amount in relation to the size of the company. It will be beneficial to create a company with share capital in consonance with the size of its operations, so that, the capital is serviced efficiently.

The Merger will create a larger and stronger entity by combining the experience, expertise, resources and client base of the two companies and offer a larger bouquet of services in the areas of advertising and promotion with focus on digital media and emerging technologies. The proposed merger shall result in streamlining of operations and cost efficiency and together with the combined clientele of both the companies, is likely to result in accelerated business growth.

The Merger would result in optimum utilisation of the facilities, reserves, financials, managerial, technological, manpower and other resources which will be conducive to enhance the operational efficiencies in the Amalgamated Company.

The Merged Company would benefit from the complementary skills of the combined management team, which in turn would enhance the overall corporate capability, provide focused strategic leadership and facilitate better supervision of the business.

The Merger will further result in various benefits including:

- Achieving economies of scale.
- Lesser regulatory / procedural compliances.
- Cost saving in fees/ duties payable on statutory and procedural compliances.
- Elimination of duplication of administrative functions and multiple record-keeping resulting in reduced expenditure.

The amalgamation is in the interest of both the companies, their shareholders, creditors and all other stakeholders of the respective companies and is not prejudicial to the interests of the concerned shareholders, creditors or the public at large.

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Company Secretary

### Synergies of business of the entities involved in the scheme:

Signpost India Private Limited is one of India's largest Digital Out of Home (DOOH) enterprises and has been a pioneer in DOOH as well as in several areas of emerging technologies while Pressman Advertising Limited is a well-known independent advertising agency engaged in print advertising, public relations and digital advertising.

The media spends are now rapidly shifting to new platforms and the pandemic and consequent disruption has reinforced that the future growth of advertising will be in Digital, Digital Out of Home and emerging technologies.

The Amalgamation will enable the combined business to develop stronger relationships across its partner ecosystem, using the augmented intellectual capital and the resultant stronger implementation capabilities. The combined business experience and expertise will result in tier-status upgrades with some clients. It will also enhance customer relationships and value creation for clients through the 360-degree offering capabilities. In addition, it will give rise to combined collaboration opportunities with several unique partners.

The amalgamation of the two companies, which are both in advertising is a perfect fit and a win-win situation for the shareholders of both the companies. It will create a larger and stronger entity by combining the expertise, experience, resources and client base of the two companies and offer a larger bouquet of services. It will result in streamlining of operations and cost efficiency and will result in accelerated business growth and significantly enhance shareholders' value.

Impact of the scheme on the shareholders are as under:

- a) The shareholders of the Transferor Company as on the Record Date shall be entitled to equity shares in the Transferee Company basis the share entitlement ratio determined by Mr Nikhil Singhi, Chartered Accountants and Registered Valuer (IBBI Registration No. IBBI/RV/06/2019/11089), in the valuation report submitted to this Committee;
- b) The Scheme will not adversely affect the rights or interest of any shareholder of the Transferor and Transferee Company or their respective shareholders, in any manner whatsoever;

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Company Secretary

- c) It is expected that the combined business will augment revenue growth and profitability. The combined entity will have vastly improved financial strength and the larger bouquet of offerings will result in accelerated revenue growth and profitability;
- d) The combined balance sheet will provide diverse strategic options and flexibility;
- e) The amalgamation will result in significant cost efficiencies and synergies such as optimization of sales, general and administration (SG&A) costs as well as consolidation of delivery operations in domestic as well as overseas markets.

### Cost benefits analysis of the scheme are as under:

There are no social or environmental impact of the proposed re-structuring. Except the transaction cost, there are no additional costs involved for the proposed restructuring.

The Scheme will significantly enhance the value of the Company primarily on account of benefits and synergies detailed above.

The Committee is of the opinion that the expected synergies and benefits resulting from the restructuring would far outweigh the impact of such costs for the Company and its stakeholders.

### Recommendation of the Audit Committee:

Taking into consideration the Scheme, Valuation Report, Fairness Opinion, Accounting Treatment Certificate, Audited Financial statements of Transferor and Transferee Company and other documents, as placed, the Audit Committee recommends the draft Scheme for favourable consideration by the Board of Directors of the Company, Stock Exchanges and The Securities Exchange Board of India.

### For and Behalf of the Audit Committee of Pressman Advertising Limited



Ajit Khandelwal

DIN: 00416445


Chairman of the Audit Committee

Date : 24.06.2022

Place: Kolkata

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Company Secretary