



TV TODAY NETWORK LTD.
 India Today Group Mediaplex
 FC 8, Sector 16 A, Film City, Noida – 201301
 Tel: +91 120 4908600 Fax: +91 120 4325028
 Website: www.aajtak.in
 CIN No : L92200DL1999PLC103001



**REPORT OF THE AUDIT COMMITTEE OF T.V. TODAY NETWORK LIMITED
 RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT AND AMALGAMATION
 AMONG MAIL TODAY NEWSPAPERS PRIVATE LIMITED, INDIA TODAY ONLINE
 PRIVATE LIMITED, T.V. TODAY NETWORK LIMITED AND THEIR RESPECTIVE
 SHAREHOLDERS AND CREDITORS**

Members Present:

Mr. Ashok Kapur
 Mr. Anil Vig

Chairman
 Member

1. Background:

- 1.1. T.V. Today Network Limited ("Company") is a public limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office at F-26, First Floor, Connaught Circus, New Delhi 110 001. The equity shares of the Company are listed on the National Stock Exchange of India Limited and BSE Limited (together the "Stock Exchanges").
- 1.2. Mail Today Newspapers Private Limited, Indirect Wholly Owned Subsidiary of the Company, ("Transferor Company 1") is a private limited company incorporated under the Companies Act, 1956 having its registered office at F-26, Connaught Place, New Delhi 110 001.
- 1.3. India Today Online Private Limited, Wholly Owned Subsidiary of the Company, ("Transferor Company 2") is a private limited Company incorporated under the Companies Act, 1956 having its registered office at F-26, Connaught Place, New Delhi 110 001.
- 1.4. A meeting of the Audit Committee of the Company was held on December 15, 2017 to consider and recommend to the Board the draft Scheme of Arrangement and Amalgamation among Mail Today Newspapers Private Limited, India Today Online Private Limited, the Company and their respective Shareholders and Creditors under the provisions of Section 66 and Chapter XV of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 ("the Scheme")
- 1.5. The report of the Audit Committee is made in order to comply with the requirements of Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017, on Schemes of arrangement involving listed companies, issued by the Securities and Exchange Board of India ("SEBI Circular")
- 1.6. The following documents were placed for consideration of the Committee:
 - (a) Draft Scheme
 - (b) Fairness opinion dated December 14, 2017 issued by Corporate Professionals Capital Private Limited.





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- (c) Draft Certificate to be issued by SR Batliboi & Associates LLP, Chartered Accountants, Statutory Auditors of the 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 the Companies Act, 2013, pursuant to paragraph 5 of Annexure I of the SEBI Circular.

2. Proposed Scheme:

2.1. The Audit Committee noted that the salient features of the Scheme are under:

- a. The Scheme provides for (a) reduction of capital of Mail Today Newspapers Pvt. Ltd.; (b) reduction of capital of India Today Online Pvt. Ltd (c) demerger and vesting of the newspaper business/undertaking of Mail Today Newspapers Private Limited (an indirect wholly owned subsidiary) into and with the Company; and (d) the amalgamation of India Today Online Pvt. Ltd. (a wholly owned subsidiary of the Company) into and with the Company
- b. "Appointed Date" means 1 January 2017, being the date with effect from which Parts III to VII of the Scheme shall, upon sanction by the Competent Authority and satisfaction to the conditions to effectiveness set out in Clause 8 of Part VIII of the Scheme, be deemed to be effective
- c. "Effective date" means the last of the dates on which the conditions set out in Clause 8.1 of Part VIII of the Scheme are satisfied or waived in accordance with the Scheme.
- d. Upon the Effective date and with effect from the Appointed date:
- (a) the paid up equity share capital and securities premium account of Transferor Company 1 shall stand reduced by offsetting the accumulated losses of Transferor Company 1 in the following manner: first, against the securities premium account of Transferor Company 1; and the balance, if any, of the accumulated losses after offsetting against the securities premium account, will be set off against paid up equity share capital of Transferor Company 1.
- (b) the paid up equity share capital and securities premium account of Transferor Company 2 shall stand reduced by offsetting the accumulated losses of Transferor Company 2 in the following manner: first, against the securities premium account of Transferor Company 2; and the balance, if any, of the accumulated losses after offsetting against the securities premium account, will be set off against paid up equity share capital of Transferor Company 2.





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- (c) the entire business of the MTN Undertaking (as defined under Clause 4.1 of Part I of the Scheme) of Transferor Company 1, shall stand transferred to and vest in the Transferee Company, as a going concern, without any further acts or deeds.
- (d) all the assets and liabilities and the entire business of Transferor Company 2 shall stand transferred to and vest in the Resultant Company (as defined under Clause 4.1 of Part I of the Scheme), as a going concern, without any further acts or deeds and Transferor Company 2 shall be dissolved without winding up.
- (e) the equity shareholders of Transferor Company 1 (i.e., the Transferee Company and Transferor Company 2) shall not be entitled to receive equity shares of the Transferee Company as Transferor Company 2 is a wholly owned subsidiary of the Transferee Company. Transferor Company 1 is held by the Transferee Company and Transferor Company 2.
- (f) the equity shares of Transferor Company 2 held by the Resultant Company (either held in its own name or through its nominees) shall stand cancelled in their entirety as Transferor Company 2 is a wholly owned subsidiary of the Transferee Company.
- 2.2. The Audit Committee reviewed the draft scheme along with the other documents placed before the Committee and also noted the rationale of the Scheme, which *inter-alia* is as follows:
- Consolidation of the newspaper business of the Transferee Company presently being carried out through Transferor Companies in one entity and would strengthen the position of the resultant entity i.e., the Transferee Company, by enabling it to harness and optimise the synergies of the Transferor Companies.
 - The Transferee Company is engaged in the operation of news channels like Aajtak and India Today and Transferor Company 1 is in the business of publishing of daily English newspaper "Mail Today". Accordingly the Scheme of consolidation of the two businesses carried on by the India Today Group is strategic in nature and will generate editorial and business synergies.
 - The Scheme will result in operational efficiencies due to optimal utilization of content of the newspaper business by the TV channels.
 - The content created by Transferor Company 1 will be valuable for Transferee Company's news content for its television and digital platforms.
- 2.3. The Audit Committee also noted that no Valuation report is required under the Companies Act, 2013 and SEBI Circular.





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3. Recommendation of the Audit Committee

The Audit Committee after due deliberations and consideration of all the terms of the Draft scheme and the Fairness Opinion recommends the draft Scheme for favourable consideration by the Board of Directors of the Company.

For and on behalf of the Audit Committee

Ashok Kapur
Chairman of Audit Committee

Date: 15.12.2017

Place: Noida

