



**SRI ADHIKARI BROTHERS
TELEVISION NETWORK LTD.**

**REPORT OF THE AUDIT COMMITTEE OF SRI ADHIKARI BROTHERS
TELEVISION NETWORK LIMITED AT ITS MEETING HELD ON 28 AUGUST,
2014 AT 6th FLOOR, ADHIKARI CHAMBERS, OBEROI COMPLEX,
NEWLINK ROAD, ANDHERI(WEST), MUMBAI-400053**

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|--------------------------|---|
| Members Present: | |
| Mr. Arun Khakhar | Chairman (Independent) |
| Mr. Gautam Adhikari | Member (not voted) |
| Mr. Prasanna kumar Gawde | Member |
| Mr. M.S. Kapoor | Member |
| | |
| In Attendance: | |
| Mrs. Payal Garg | Company Secretary |
| | |
| Invitees: | |
| Mr. Markand Adhikari | Vice Chairman & Managing Director |
| Mr. Anand Shroff | Vice President Finance and Accounts, TV Vision Limited |
| Mr. Rakesh Gupta | Assistant Vice President |
| Mr. Nilesh Mody | PricewaterhouseCoopers Pvt. Ltd. |
| Mr. Sujal Shah | M/S. SSPA & Co. Chartered Accountants |
| Mr. Dipesh Sangoi | Statutory Auditors M/s. A.R. Shoda & Co. |



Adhikari Chambers, Oberoi Complex, New Link Road, Andheri (W), Mumbai - 400 053.
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CIN - L32200MH1994PLC083853



1. Background:

The management has placed before the Audit Committee a Composite Scheme of Amalgamation and Arrangement between Maiboli Broadcasting Private Limited ('MBPL') and Sri Adhikari Brothers Assets Holding Private Limited ('SAB Assets') and Sri Adhikari Brothers Television Network Limited ('SABTNL') and UBJ Broadcasting Private Limited ('UBJ') and HHP Broadcasting Services Private Limited ('HHP') and MPCR Broadcasting Service Private Limited ('MPCR') and TV Vision Limited ('TVL') and Marvick Entertainment Private Limited ('MEPL') and their Respective Shareholders ('the Scheme') under Sections 391 to 394 read with Section 78 and Sections 100 to 103 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013, providing inter-alia for restructuring of various entities forming part of the Group to facilitate focused management attention, achieve operational and management efficiency, facilitate investment by strategic players, and unlocking value of the business, for recommendation of the Scheme by the Audit Committee to the Board of Directors of the Company as required vide Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, both issued by SEBI (hereinafter referred to 'SEBI Circulars').

This report of the Audit Committee is made in order to comply with the requirements of the SEBI Circulars and after inter-alia considering the draft Scheme.

2. Documents placed before the Committee

The following documents were placed before the Audit Committee:

- a) Draft Composite Scheme of Amalgamation & Arrangement;
- b) Valuation report dated 28th August, 2014 of by M/s. SSPA & Co, Independent Chartered Accountant, describing the methodology adopted by them in arriving at the Share Entitlement/Exchange Ratio;
- c) Fairness Opinion dated 28th August, 2014 of M/s. Fortress Capital Management Services Private Limited, Category I, Merchant Banker, providing the Fairness Opinion on the Share Entitlement/Exchange Ratio recommended in the Valuation Report prepared by SSPA & Co ("Fairness Opinion"); and





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| b) Demerger of Broadcasting Business Undertaking of UBJ, HHP and MPCR into TVL; and | Effective Date | SABTNL on a proportionate basis". NIL |
| Part V of the Scheme a) Demerger of Publication Business Undertaking of SABTNL into Marvick Entertainment Private Limited('MEPL') | Effective Date | "3 (Three) fully paid up Equity Shares of the face value of Rs. 10/- (Rupees Ten only) each in Marvick Entertainment Private Limited for every 10 (Ten) fully paid up equity shares of the face value of Rs. 10/- (Rupees Ten only) each held in SABTNL" "10,000 (Ten Thousand) fully paid up Redeemable Preference Shares of Rs. 10 (Rupees Ten) each of MEPL would be issued to the preference shareholders of SABTNL on a proportionate basis". |
| Effective Date | Means the last of the dates on which all conditions as mentioned in the Scheme are fulfilled and all the approvals are received | |

The Scheme provides, inter-alia, for consolidation of the broadcasting business and publication business of the group into separate listed legal entity

Based on the Entitlement Ratio as stated herein above, preference shares will be issued to those shareholders of SAB Assets by SABTNL whose names are registered on the record date as may be fixed (1st Demerger Record Date) by the Board of Directors of SAB



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CIN - L32200MH1934PL1000

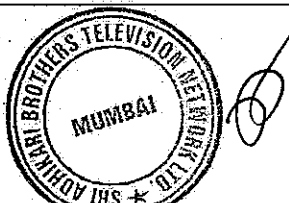


- d) Draft certificate obtained from the Statutory Auditors of the Company i.e. M/s. A. R. Sodha & Co., Chartered Accountants on the accounting treatment prescribed in the Scheme.

3. Features of the Scheme

The salient features of the Scheme are as under:

| Steps | Appointed Date | Entitlement/Exchange Ratio |
|--|----------------|--|
| Part II of the Scheme a) Amalgamation of Maiboli Broadcasting Private Limited with SABTNL | April 1, 2014 | NIL |
| Part III of the Scheme a) Demerger of Publication Business Undertaking of SAB Assets into SABTNL | April 1, 2014 | "2,381,068 fully paid up Redeemable Preference Shares of the face value of Rs. 10/- (Rupees Ten only) each in SABTNL shall be issued to the Shareholders SAB Assets on proportionate basis" |
| Part IV of the Scheme a) Demerger of Broadcasting Business Undertaking of SABTNL into TVL; | Effective Date | "1 (One) fully paid up Equity Share of the face value of Rs. 10/- (Rupees Ten only) each in TVL for every 1 (One) fully paid up equity share of the face value of Rs. 10/- (Rupees Ten only) each held in SABTNL". "10,000 (Ten Thousand) fully paid-up Redeemable Preference Shares of Rs. 10/- (Rupees Ten) each of TVL would be issued to the preference shareholders of |



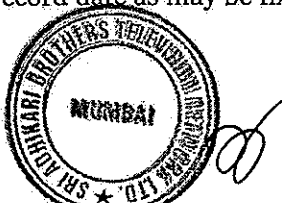


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| b) Demerger of Broadcasting Business Undertaking of UBJ, HHP and MPCR into TVL; and | Effective Date | SABTNL on a proportionate basis". NIL |
| Part V of the Scheme a) Demerger of Publication Business Undertaking of SABTNL into Marvick Entertainment Private Limited('MEPL') | Effective Date | "3 (Three) fully paid up Equity Shares of the face value of Rs. 10/- (Rupees Ten only) each in Marvick Entertainment Private Limited for every 10 (Ten) fully paid up equity shares of the face value of Rs. 10/- (Rupees Ten only) each held in SABTNL" "10,000 (Ten Thousand) fully paid up Redeemable Preference Shares of Rs. 10 (Rupees Ten) each of MEPL would be issued to the preference shareholders of SABTNL on a proportionate basis". |
| Effective Date | Means the last of the dates on which all conditions as mentioned in the Scheme are fulfilled and all the approvals are received | |

The Scheme provides, inter-alia, for consolidation of the broadcasting business and publication business of the group into separate listed legal entity

Based on the Entitlement Ratio as stated herein above, preference shares will be issued to those shareholders of SAB Assets by SABTNL whose names are registered on the record date as may be fixed (1st Demerger Record Date) by the Board of Directors of SAB





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Assets and SABTNL, and equity share will be issued to those shareholders of SABTNL by TVL and MEPL whose names are registered on the record date as may be fixed (2nd Demerger Record Date) by the Board of Directors of SABTNL and TVL and MEPL.

In so far as the equity shares held inter-se between the companies under restructuring is concerned, if any, such shares shall stand cancelled pursuant to the Scheme

Equity shares to be issued by TVL and MEPL to the shareholders of SABTNL pursuant to the Scheme would be listed on BSE Limited and National Stock Exchange of India Limited.

4. Confirmations:

- M/s. A. R. Sodha & Co., Chartered Accountant, Statutory Auditors of the Company have confirmed that the accounting treatment as specified in the Composite Scheme of Amalgamation and Arrangement under Section 391 to 394 read with section 78 and Sections 100 to 103 of the Companies Act, 1956 and Section 52 of Companies Act, 2013, are in accordance with Accounting Standard 14 and other applicable accounting standards specified under the provisions of the Companies Act, 1956 and/or Companies Act, 2013 and the generally accepted accounting principles in India.

5. Recommendation of the Audit Committee:

- The Audit Committee recommends the Composite Scheme of Amalgamation and Arrangement between MBPL and SAB Assets and SABTNL and UBJ and HHP and MPCR and TVL and MEPL and their Respective Shareholders, for consideration by the Board of Directors of the Company.

Date: 28th August, 2014

Place: Mumbai



CHAIRMAN

Adhikari Chambers, Oberoi Complex, New Link Road, Andheri (W), Mumbai - 400 053.

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