

Report of the Audit Committee of New Delhi Television Limited

1. Background

The Board of Directors of New Delhi Television Limited ('NDTV' or 'the Company') by a resolution passed by way of circulation on 19th March, 2013 has approved the proposed Reduction of capital (Securities Premium account) of NDTV under Section 78 read with Sections 100 to 104 and other applicable provisions, if any of the Companies Act, 1956 subject to the approval of shareholder's and High Court.

The Company filed application under clause 24(f) of the Listing Agreement, along with other necessary information / documents with BSE Limited and National Stock Exchange of India Limited.

Recently, SEBI vide its Circular No. CIR/CFD/DIL/5/2013 ('Circular') dated February 4, 2013 has amongst other requirements sought a report from the Audit Committee of the listed entity for recommending the draft Scheme of Arrangement which includes the reduction of capital (securities premium account).

In view of the above Circular, members of the Audit Committee of the Company discussed and recommended the proposed reduction of capital (securities premium account) against deficit in the statement of Profit & Loss account, vide a resolution passed by way of circulation on July 16, 2013, and have made this report, after perusing the following necessary documents:

- Draft application/ petition to be filed with the High Court of Delhi;
- Change in the balances of Securities Premium account and Deficit in the statement of profit & Loss account, pre & post reduction of capital (Securities premium account); and
- Fairness Opinion on the proposed reduction of capital (securities premium account) obtained from Corporate Professionals (Category I – Merchant Banker).

Further, the Committee has noted that post reduction of capital (securities premium account), there would be no change in the interest of the minority shareholders and it would remain intact.

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

2. Proposed Reduction of Capital (Securities Premium Account)

As per the provisions of section 78 of the Companies Act, 1956, the balance in Securities Premium account can only be utilized for purposes specified therein and any utilization of Securities Premium account for other purpose would be construed as reduction of capital and the provisions of sections 100 to 104 of the



Companies Act, 1956 will be applicable.

The Company's Reserves and Surplus include an amount of Rs. 507,70,06,512 (Rupees Five hundred seven crore seventy lakh six thousand five hundred and twelve only) standing to the credit of Securities Premium account. At the same time, the Company also has accumulated losses amounting to Rs. 155,73,29,451/- (Rupees One hundred fifty five crore seventy three lakh twenty nine thousand four hundred and fifty one only) represented as Deficit in the statement of Profit & Loss account as on September 30, 2012.

The management of the Company proposes to write-off such Deficit in the statement of Profit & Loss account, by reducing the amount standing to the credit of the Securities Premium account as on September 30, 2012, to give a true and fair view of the financial statements of the Company. The management of the Company is of the view that Deficit in the statement of Profit & Loss account represents capital/ reserves which has been lost.

Accordingly, the present reduction of Securities Premium is being proposed under provisions of section 78 read with sections 100 to 104 of the Companies Act, 1956.

3. Recommendations of the Audit Committee

The Audit Committee recommends the proposed reduction of capital (securities premium account), which has also been approved by the Board of Directors of the Company by a resolution passed by way of circulation on 19th March, 2013, for favourable consideration by the Stock Exchanges and the Securities and Exchange Board of India.

Date : July 17, 2013
Place : Gurgaon


CHAIRMAN