



REPORT OF THE AUDIT COMMITTEE OF QUINT DIGITAL MEDIA LIMITED RECOMMENDING THE SCHEME OF ARRANGEMENT BETWEEN QUINTILLION MEDIA LIMITED AND QUINT DIGITAL MEDIA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

Members Present

- Mr. Parshotam Dass Agarwal
- Mr. Sanjeev Krishana Sharma
- Mr. Mohan Lal Jain

1. Background

- 1.1 A meeting of the Audit Committee of Quint Digital Media Limited ("**Company**") was held on August 14, 2023 to consider the draft Scheme of Arrangement proposed for the amalgamation (by way of absorption) of Quintillion Media Limited ("**QML**" or "**Transferor Company**") with and into Quint Digital Media Limited ("**QDML**" or "**Transferee Company**") and reduction of the capital of QDML in the manner set out in the Scheme ("**Scheme**") in accordance with Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) or amendment(s) thereof) and the rules made thereunder ("**Act**") and the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") issued by the Securities and Exchange Board of India ("**SEBI**") read with Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, as amended from time to time ("**SEBI Circular**"), and any other law for the time being in force and such other applicable rules, regulations, guidelines and circulars issued by any regulatory authorities from time to time.
- 1.2 The Transferee Company is incorporated under the provisions of the Companies Act, 1956 and is engaged in the business of running websites through web, digital or mobile media and which may include various information including current affairs, lifestyle, entertainment, etc. The equity shares of the Transferee Company are listed on the BSE Limited ("**BSE**").
- 1.3 The Transferor Company is incorporated under the provisions of the Companies Act, 2013 and is a wholly owned subsidiary of the Transferee Company.
- 1.4 The Scheme *inter-alia* provides for (a) Amalgamation (merger by way of absorption) of the Transferor Company with and into the Transferee Company, being the 100% holding company of the Transferor Company; and (b) Reduction of the capital of the Transferee Company in the manner set out in the Scheme. Upon the Scheme becoming effective, the Transferor Company shall stand dissolved without winding up.
- 1.5 This report of the Audit Committee is made to comply with the provisions of the SEBI Listing Regulations and the SEBI Circular.

For QUINT DIGITAL MEDIA LIMITED

QUINT DIGITAL MEDIA LIMITED

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Corporate Office: Carnousties's Building, Plot No. 1, 9th Floor, Sector 16A, Film City, Noida-201301 Tel: 0120 4751818

Website: www.quintdigitalmedia.com, email: cs@thequint.com, CIN: L74110DL1985PLC373314

Director/Authorized Signatory

2. Documents Reviewed

The following documents were placed before the meeting of the Audit Committee of the Company held on August 14, 2023, which were considered and taken on record by the members of Audit Committee while deliberating on the Scheme:

- a) Draft Scheme, duly initialed by the Company Secretary of the Company for the purpose of identification;
- b) Fairness Opinion Report dated August 14, 2023 issued by Sundae Capital Advisors Private Limited, SEBI registered Category I Merchant Banker, having SEBI Registration No.: INM000012494, providing an opinion on the fairness of proposed Scheme ("**Fairness Opinion Report**");
- c) Statutory Auditor's Certificate issued by M/s. Walker Chandiok & Co LLP (Firm Registration No. 001076N/N500013), Statutory Auditor of the Transferee Company, confirming that the Scheme is in compliance with Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other generally accepted accounting principles in India.

3. Salient features of the Scheme

3.1 The Audit Committee noted the salient features of the Scheme, which *inter-alia*, are as under:

- (a) The Scheme is presented *inter-alia* under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013, SEBI Circular read with Section 2(1B) and other applicable provisions of the Income Tax Act, 1961 and other applicable law, if any. The Scheme provides for the amalgamation of the Transferor Company with the Transferee Company and dissolution of the Transferor Company without winding up and also provides for various other matters consequent and incidental thereto or otherwise integrally connected thereto;
- (b) Upon the Scheme becoming effective, all assets, liabilities, contracts, employees, if any, records, etc. of the Transferor Company shall stand transferred to the Transferee Company subject to the provisions of the Scheme;
- (c) Pursuant to the receipt of the no-objection certificate of the BSE/ SEBI, approval of the stakeholders, sanction of the Scheme by the National Company Law Tribunal, New Delhi Bench ("**NCLT Delhi**") and filing of the order passed by the NCLT Delhi with the Registrar of Companies, Delhi ("**ROC**"), the Scheme shall become effective from the Appointed Date. The Appointed Date for the Scheme shall be April 1, 2023 or such other date as may be approved by the NCLT or any other Appropriate Authority and accepted by the Board of Directors.

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Signatory

- (d) In terms of Paragraph 10 of Part I of the SEBI Circular, the Scheme is required to be approved by the public shareholders of the Transferee Company and shall be acted upon only if votes cast by the public shareholders in favor of the Scheme are more than the number of votes cast against it.
- (e) The Transferor Company is a wholly owned subsidiary of the Transferee Company and therefore, there would be no issuance of shares by the Transferee Company to the shareholders of the Transferor Company. On amalgamation, the entire share capital of the Transferor Company held by the Transferee Company and/or its nominee(s) on the Effective Date shall stand cancelled and extinguished without any further act, deed or instruments. Accordingly, the requirement to obtain a valuation report under Paragraph 4 of Part I of the SEBI Circular does not apply to the Scheme.
- (f) As an integral part of the Scheme and post the amalgamation of the Transferor Company with the Transferee Company becoming effective including the accounting for the Amalgamation in accordance with Clause No. 14 of the Scheme, the credit balance appearing in the Capital Reserve Account of the Transferee Company, including the Capital Reserve Account of the Transferor Company accounted in accordance with the Scheme and the amount of the Capital Reserve Account, if any, arising pursuant to the Amalgamation in the books of the Transferee Company, shall be set off against a) the debit balance appearing in the Profit and Loss Account of the Transferee Company as on the Appointed Date and b) the debit balance of the Profit and Loss Account of the Transferor Company as accounted by the Transferee Company in accordance with the Scheme.
- (g) Upon the Scheme becoming effective, the Transferor Company will be dissolved without winding up.

4. Proposed Scheme

4.1 Need for the Amalgamation and rationale for the Scheme

The Audit Committee noted the need and rationale of the Scheme, which *inter-alia*, is as follows:

- (a) Integration of the Transferor Company with the Transferee Company can provide benefits to the shareholders / stakeholders as under:
- i) Leading to a more efficient utilization of capital and creation of a consolidated base of assets and resources for future growth;
 - ii) Reduction in the management overlaps due to operation of multiple entities and more focused leadership;
 - iii) Reduction in multiplicity of legal and regulatory compliances, reduction in overheads, including administrative, managerial and other costs amongst all;

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- iv) Synergy benefits, such as, competitive edge, consolidation of businesses to combine growth opportunities to capitalize on future growth potential which would in-turn significantly help in efficient utilization of financial and operational resources; and
 - v) Pooling of proprietary information, personnel, financial, managerial and other resources, thereby contributing to the future growth;
- (b) Further, the reduction of the capital of the Transferee Company in the manner set out in this Scheme can provide benefits to the shareholders / stakeholders as under:
- i) The Scheme would not have any impact on the shareholding pattern and the capital structure of the Transferee Company;
 - ii) The Scheme will enable the Transferee Company to adjust the balance in the Capital Reserve in accordance with the manner set out in the Scheme.
 - iii) The Scheme does not involve any financial outlay / outgo and therefore, would not affect the ability or liquidity of the Transferee Company to meet its obligations or commitments in the normal course of business. Further, this Scheme would also not in any way adversely affect the ordinary operations of the Transferee Company.

4.2 Synergies for the entities involved in the Amalgamation:

The Audit Committee noted the synergies of business of the entities involved in the Scheme, which *inter-alia*, are as under:

- a) As stated in the rationale of the Scheme, the proposed amalgamation will result in administration and operational rationalization, organizational efficiencies, consolidation of assets or resources, reduction in overheads and other expenses and optimal utilization of resources. The synergies created by the amalgamation would increase operational efficiency and integration.
- b) The amalgamation shall result in more efficient utilization of capital and create a consolidated base of assets and resources for future growth of the Transferee Company.
- c) The Scheme also ensures simplified and streamlined group structure. It helps in achieving reduction in overall operational and compliance costs.

4.3 Impact of the Scheme on the shareholders of the Transferee Company:

The Audit Committee noted the impact of the Scheme on the shareholders of the Transferee Company, which *inter-alia*, is as under:

- a) The amalgamation of the Transferor Company with the Transferee Company will not result in any dilution of the holding of the promoter shareholders or the non-promoter shareholders

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in the Transferee Company. The Transferor Company is a wholly owned subsidiary of Company and therefore, there would be no issue of shares by the Transferee Company in this regard.

- b) The reduction of the capital of the Transferee Company in the manner set out in the Scheme will not result in any financial outlay / outgo and therefore, would not affect the ability or liquidity of the Transferee Company to meet its obligations or commitments in the normal course of business.

4.4 Cost benefit analysis of the Scheme:

The Audit Committee noted the cost benefit analysis of the Scheme, which *inter-alia*, is as under:

- a) The Scheme is expected to increase the value of the Transferee Company primarily on account of benefits and synergies detailed above. As per the rationale stated under the Scheme, the benefits of the Scheme over a longer-term period would far outweigh the cost of implementation of the Scheme.

- 4.5 The Audit Committee has noted and taken on the record the Fairness Opinion Report issued by Sundae Capital Advisors Private Limited, SEBI registered Category I Merchant Banker, having SEBI Registration No. INM000012494.

5. Recommendation of the Audit Committee

The Audit Committee, after taking into consideration the Scheme together with the Fairness Opinion Report and other documents referred under Paragraph 2 above, found the proposed Scheme to be fair and reasonable and recommends the Scheme for favorable consideration by the Board of Directors of the Transferee Company. The Scheme placed before the meeting of the Audit Committee is not detrimental to the shareholders of the Transferee Company.

For and on behalf of the Audit Committee of
Quint Digital Media Limited

For QUINT DIGITAL MEDIA LIMITED


Parshotam Dass Agarwal
(Chairman of the Audit Committee)
DIN: 00063017

Date: Noida
Place: August 14, 2023

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