

ZEE ENTERTAINMENT ENTERPRISES LIMITED

REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF DIRECTORS

The Audit Committee of the Board at the Meeting held today i.e. on November 23, 2016, has considered and reviewed draft of the Composite Scheme of Arrangement ('the Scheme') framed under Sections 391 to 394 of the Companies Act, 1956 and/or Sections 230 to 233 of the Companies Act, 2013 (if applicable) read with rules thereunder and Section 2(19AA) of the Income Tax Act, 1961, between Zee Entertainment Enterprises Limited ('the Company') and Reliance Big Broadcasting Private Limited ('RBB'), and Big Magic Limited ('Big Magic'), and Azalia Broadcast Private Limited ('Azalia') and their respective Shareholders and Creditors for demerger of the Demerged Undertaking(s) relating to General Entertainment Television business of RBB, Big Magic and Azalia (as defined in the Scheme) vesting with the Company, along with all assets, liabilities and employees relating to such Demerged Undertaking(s), as a going concern.

In this regard, the Audit Committee perused the following documents:

- ✓ draft of the Scheme presented by the Management including the rationale and its salient features;
- ✓ Valuation report dated November 23, 2016 issued by Independent Valuer, M/s BSR and Associates LLP, Chartered Accountants, recommending the consideration payable for such demerger in the form of Preference shares of the Company; and
- ✓ Fairness Opinion dated November 23, 2016 issued by M/s IDBI Capital Markets and Securities Limited, a Category I Merchant Banker registered with SEBI.

The Audit Committee while noting that the Appointed Date proposed in the draft Composite Scheme of Arrangement is close of business hours of March 31, 2017, took on record the Valuation Report and Fairness Opinion and noted the following consideration payable by the Company in pursuance of the Scheme, as recommended by Independent Valuers:

- (a) For all the Equity Shares of Rs 10/- each held in RBB, 1 (One) fully paid-up Preference Share of Rs 10/- each be issued in the Company;
- (b) For all the Preference Shares held in RBB, 9,33,954 (Nine Lakhs Thirty Three Thousand Nine Hundred and Fifty Four) fully paid up Preference Shares of Rs 10/- each be issued in the Company;




- (c) For all the Equity Shares of Rs 10/- each held in the Big Magic, 1 (one) fully paid-up Preference Share of Rs 10/- each be issued in the Company;
- (d) For all the Preference Shares held in Big Magic, 17,44,716 (Seventeen Lakhs Forty Four Thousand Seven Hundred and Sixteen) fully paid up Preference Shares of Rs 10/- each be issued in the Company; and
- (e) For all the Preference Shares held in Azalia, 12,70,433 (Twelve Lakhs Seventy Thousand Four Hundred Thirty Three) fully paid-up Preference Shares of Rs 10/- each be issued in the Company.

Thereafter upon detailed deliberation on the Scheme, Valuation Report and Fairness Opinion, the Audit Committee at the meeting held today had approved the said Composite Scheme of Arrangement in-principle and recommends the same to the Board for its consideration.

In order for the Company to comply with the requirements of extant regulations applicable to listed company(ies) which undertakes any Scheme including SEBI Circular Ref No. CIR/CFD/CMD/16/2015 dated November 30, 2015, this report of the Audit Committee may please be taken on record by the Board while considering the Scheme for approval and further authorisations.

For and on behalf of the Audit Committee


Adesh Kumar Gupta
Chairman – Audit Committee
Zee Entertainment Enterprises Limited



Mumbai, November 23, 2016