



## **Treasury Management Policy**

**Zee Entertainment Enterprises Limited**



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## 1. Purpose

The purpose of this Policy is to set forth the guidelines for Zee Entertainment Enterprises Limited and its wholly owned subsidiaries (hereinafter referred as the 'Company') to manage liquidity and treasury related activities. The framework set forth in this policy may act as guiding principles for the Company's subsidiaries and be suitably amended to reflect their scale and nature of operations, regulatory considerations, among other aspects.

## 2. Scope

The scope of this Policy is to define an overall governance framework for effective management of company's funds. This policy does not cover intercompany funding and strategic investments made by the company.

## 3. Guidelines considered for investments

The surplus investible funds shall be maintained and monitored by Corporate Treasury team. The surplus funds are invested in such instruments that ensures safety of principal and provides high degree of liquidity to meet operational / strategic needs of the Company while maximizing the yield. The preservation of capital and liquidity are of paramount consideration and returns/ yield are secondary to this objective. In order of importance, the investment objectives outlined are as follows:

- **Maintain sufficient liquidity:** The portfolio will be managed to provide timely funding for meeting the operating expenses and other financial obligations. The short term and long-term cash forecasts will be utilised to determine the feasibility of investments made. Further, the cash available at short notice and parked in current account, bank deposits and Liquid Mutual funds shall be maintained to cover at least a month's working capital requirements and other obligations. Any deviation shall be approved by the CFO and MD / CEO.
- If the company ties up for the borrowing lines to support working capital requirements, then the minimum cash shall be computed considering the sanctioned credit limits. The evaluation of borrowing lines will be done in accordance with Section 7 of the policy.

Any temporary funds available with overseas subsidiaries shall be parked by the overseas subsidiaries into Bank Deposits only, which can be available for use at short notice on the basis of the Board approved Treasury policy of that respective overseas subsidiary.

## 4. Liquidity and Investment Management Framework

### 4.1 Investment Instruments

All the investments should be made in the approved list of instruments for deployment of liquid cash/surplus funds which is provided in the table below. Any addition to the below mentioned list shall be approved by the Board of the Company. The Board may delegate its authority to the CFO and MD / CEO to consider addition to the list.

The list of approved instruments for investment of surplus funds is as follows:

- Fixed Deposits / Flexi Deposits / Certificate of Deposits with banks
- Debt mutual funds (Overnight Funds, Liquid Funds and Ultra Short terms funds only)

The maximum limits of total investible surplus funds that can be invested in the approved instruments is provided below:

Instruments	% of total investible surplus (Maximum Limits)
i) Fixed Deposit/ Flexi Deposits/ Certificate of Deposits with Banks	100%
ii) Debt Mutual Funds (Overnight Funds, Liquid or Ultra Short-term funds)	90 %

## 5. Investment of surplus funds

### 5.1. Mutual Funds

The Treasury Head shall invest in the Mutual Funds which are registered with SEBI after considering the below mentioned guidelines:

- In a single scheme the investment shall not exceed INR 200 crores.
- The aggregate investment in Overnight Funds, Liquid Fund Scheme and Ultra Short-term Scheme in an individual AMC shall not exceed INR 350 crores.
- The Scheme Assets under Management (AUM) shall continue to be above INR 4,500 crores.
- Any lien or encumbrance on Mutual Funds is prohibited and cannot be executed without prior approval of the Board.
- Any breach of limit shall be approved by CFO and MD / CEO

Category	Overnight Funds, Liquid or Ultra Short-term funds based on the horizon for which funds are expected to be available.
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Investment Criteria	<p>AUM of a scheme of AMC shall be INR 4,500 crores or more during the immediately preceding quarter as declared by AMFI in accordance with applicable SEBI guidelines.</p> <p>On exceptional basis, if the Scheme AUM is lower than the aforesaid threshold, the amount may be invested considering the returns of the fund and ratings thereof with approval from CFO and MD / CEO. However, the Scheme AUM should not be lesser than INR 2,500 crores.</p>
Threshold for investment	5% of AUM of the MF scheme or INR 200 crores whichever is lower and INR 350 crores if investment in more than one scheme of single AMC.
Other criteria	Scheme return and portfolio along with other qualitative factors such as market sentiments, discussion with fund houses and inputs from experts.

### 5.1.1. Investments

- The Treasury team of the company can invest the surplus funds in units of Overnight Funds, Liquid or Ultra Short-term Mutual Fund schemes having a ranking less than or equal to CRISIL Rank 3 or equivalent, after considering the below mentioned broad parameters for investment:
  - Type of fund (i.e. dividend, growth fund)
  - AUM of the fund
  - Historical returns of funds corresponding to the horizon for which funds are to be invested.
  - Volatility / consistencies in return
  - Parentage strength
  - Fund management team etc.

The approval from CFO and MD / CEO shall be obtained if any investment is to be made in a scheme with CRISIL Rank 4 or equivalent ranking.

The Mutual Fund investments and redemptions shall be jointly approved by at least two authorized signatories as approved as per the Board and amended from time to time.

### 5.1.2. Redemption of Investments

- The redemption decisions shall be based on the returns provided by funds / time period of investment or other market factors such as opinion of market experts, any uncertainties

relating to fund houses, etc. The redemption requests will be approved as stated in Section 5.1.1 above.

**5.1.3. Monitoring**

- On a monthly basis, the Treasury team shall present the details of investment which includes the nature of investment, maturity and % return to the CFO for review.

**5.2. Investment in Fixed Deposits/ Flexi Deposits/ Certificate of Deposits**

The Fixed Deposits/ Flexi Deposits/ Certificate of Deposits investment shall be placed with the Banks that qualifies the below mentioned criteria:

Instrument	Description
Fixed Deposits/ Flexi Deposits/ Certificate of Deposits	Treasury team shall invest in Banks with credit rating of A1+ and above on their Fixed Deposit / Certificate of Deposit instruments, and with a long term bond rating of AA+ and above. The list of approved banks in which the Fixed Deposits/ Flexi Deposits/ Certificate of Deposits shall be placed is provided in the Annexure.

**Other parameters to consider:**

- The credit rating of the bank should be monitored centrally, and any rating downgrade should be evaluated by the Treasury Head and CFO.
- Wherever possible, the deposits shall be placed without any foreclosure penalty conditions.
- Any lien or encumbrance on Fixed Deposits/ Flexi Deposits/ Certificate of Deposits is prohibited and cannot be executed without prior approval of the Board.
- The FD/ CD interest rates are obtained from minimum 2 banks and evaluated before opening of fixed deposits.
- The FD/ CD form shall be jointly approved by the authorized signatories approved as by the Board and amended from time to time.

**5.3. Current Account/ Auto-sweep facility**

Auto-sweep facility is a combination of current account and fixed deposit account wherein the current account is linked to a fixed-deposit account based on a monetary threshold limit defined with the bank. Whenever the amount in the current account crosses the defined threshold limit, the excess money is transferred invested automatically into a fixed deposit (if the facility is available with the Bank).

- The threshold limit for creating auto-sweep fixed deposits shall be in accordance with clause 4.1 and 5.2 above

## 6. Forex Risk Management

The Company receives an insignificant portion of its revenues and incurs an insignificant portion of its expenses in foreign currencies normally through its EEFC account and thus there is a natural hedge.

The Treasury team shall prepare a Fx Exposure sheet on a quarterly basis to identify the net Fx Exposure and evaluating need for obtaining Fx covers. The forex cover will be taken only if the net Fx exposure is more than USD 3 million. The net Fx exposure threshold for obtaining the Fx cover shall be evaluated by the CFO and MD / CEO on an annual basis / at quarter end.

The following instruments are permitted for the purpose of hedging forex risk:

- **Forward contracts:** Plain vanilla forwards in OTC markets are permitted.
- **Options:** Plain vanilla option transactions (call and put or a combination thereof) are permitted.
- **New Products:** any new product to be used for hedging should only be transacted with prior approval of the CFO and MD / CEO.

The type of Fx product to be used to cover Fx exposure shall be jointly approved by at least two authorized signatories as approved by the Board and amended from time to time.

On a monthly basis, the Treasury team shall present the details of Fx exposure and hedge report to the CFO for review.

## 7. Borrowing Policy

The requirement of fund based and non-fund-based credit lines is evaluated and reviewed by the Treasury Head and CFO. Depending on the cash flow requirements, the Company can raise short-term or long-term funds through different modes such as short, medium and long-term loans from banks or financial institutions, line of credit, Commercial Paper and Non-Convertible Debentures. The Board shall approve the borrowing limits of the Company as per the provisions of the Companies Act, 2013.

The Board shall delegate the authority to raise funds / avail non fund credit lines, negotiate and finalise the terms, tenure, and rate of interest within the borrowing limits via a Board resolution.

## 8. Monitoring Framework

The Company's Treasury operations are under the control of the CFO, based on the delegation of powers from Board, and are managed on a day-to-day basis by the Treasury team. A report on Treasury operations shall be prepared by the Treasury team and submitted to the CFO and MD / CEO for review and also presented to the Audit Committee at the end of each quarter.

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**Annexure: List of approved banks for placing Fixed Deposits/ Flexi Deposits/ Certificate of Deposits**

<b>Sr. no.</b>	<b>Banks</b>
1	HDFC Bank
2	Kotak Mahindra Bank
3	ICICI Bank
4	State Bank of India
5	Citibank
6	Union Bank of India
7	Bank of Baroda
8	Standard Chartered Bank
9	HSBC
10	Deutsche Bank
11	BNP Paribas