

**Strictly Private & Confidential**

Dated: November 23, 2016

**The Board of Directors**  
**ZEE Entertainment Enterprises Limited**  
18th Floor, 'A' wing, Marathon Futurex  
NM Joshi Marg, Lower Parel  
Mumbai – 400013

**Dear Members of the Board:**

**Engagement & Background**

We refer to the engagement letter dated November 21, 2016 (“**Engagement Letter**”), whereby Zee Entertainment Enterprises Limited (“**ZEEL**” or “**Company**”) has requested IDBI Capital Markets & Securities Limited (*formerly known as IDBI Capital Market Services Limited*) (“**IDBI Capital**” or “**We**”) to provide a fairness opinion to the Company on the valuation report dated November 23, 2016 (“**Valuation Report**”) issued by B S R & Associates, LLP (“**Valuer**”) for the proposed Composite Scheme of Arrangement, substantially in the form of the draft, among Reliance Big Broadcasting Private Limited, Big Magic Limited, Azalia Broadcast Private Limited, Zee Entertainment Enterprises Limited and their respective shareholders and creditors under the provisions of Sections 391 – 394 read with Sections 100-103 and other applicable provisions of the Companies Act 1956 and/or Sections 230 - 233 (if applicable) and other relevant provisions of the Companies Act 2013 (the “**Scheme**”).

The Scheme envisages following:

- Demerger of business undertaking comprising of the television business, (“**Demerged Undertaking 1**”) of Reliance Big Broadcasting Private Limited (“**Transferor Company 1**”) and vesting of the same with Zee Entertainment Enterprises Limited (“**Resulting Company**”) as per terms and conditions more fully set forth in the Scheme.
- Demerger of business undertaking comprising of acquiring content from producers and third parties (“**Demerged Undertaking 2**”) of BIG Magic Limited (“**Transferor Company 2**”) and vesting of the same with the Resulting Company as per terms and conditions more fully set forth in the Scheme.
- Demerger of business undertaking comprising of the Television Broadcasting division (“**Demerged Undertaking 3**”) of Azalia Broadcast Private Limited (“**Transferor Company 3**”) and vesting of the same with the Resulting Company as per terms and conditions more fully set forth in the Scheme.

- Transferor Company 1, Transferor Company 2 and Transferor Company 3, hereinafter collectively referred to as “**Transferor Companies**” and Demerged Undertaking 1, Demerged Undertaking 2 and Demerged Undertaking 3, hereinafter collectively referred to as “**Demerged Undertakings**”
- Upon the Scheme coming into effect and with effect from the Appointed Date (as defined in the Scheme), and upon the transfer of the Demerged Undertakings and vesting of the same in the Resulting Company, the board of directors of the Resulting Company shall determine a record date, being a date subsequent to the filing of the order of the Court sanctioning the Scheme with the RoC (“Record Date”) for the allotment of Preference Shares of the Resulting Company to the equity shareholders and the preference shareholders of the Transferor Companies as on the Record Date, in consideration for the demerger of the Demerged Undertakings.

#### **Brief background about the companies**

**Resulting Company** is a company incorporated under the Companies Act 1956 and is engaged in the media and entertainment business inter alia comprising of (a) Broadcasting of Satellite Television Channels; (b) Space Selling agent for other satellite television channels; (c) Sale of Media Content i.e. programs / film rights / feeds / music rights. The equity shares and preference shares of the Resulting Company are listed on the BSE Limited and the National Stock Exchange of India Limited.

**Transferor Company 1** is a company incorporated under the Companies Act 1956 engaged in the business of owning and operating non news and current affairs satellite television channels. Transferor Company 1 holds 5 non-news television broadcasting licenses viz. BIG Magic, BIG Ganga, BIG Gaurav, BIG Magic HD and BIG Punjab. The Transferor Company 1 is a wholly owned subsidiary of Reliance BIG Entertainment Private Limited.

**Transferor Company 2** is a company incorporated under the Companies Act 1956 engaged in the business of acquiring content from producers and third parties to be broadcasted by Transferor Company 1 on the channels owned and operated by it. The Transferor Company 2 is a wholly owned subsidiary of Reliance Broadcast Network Limited.

**Transferor Company 3** is a company incorporated under the Companies Act 1956 engaged in the business of owning and operating a non-news and current affairs satellite television channel under name and style of ‘Big Thrill’.

In connection with the aforesaid, you have requested us to examine the Valuation Report and issue our opinion as to the fairness of the Share Entitlement Arrangement (“**Opinion**”) as of the date hereof.

The scope of this Opinion includes commenting on the fairness of the Share Entitlement Arrangement recommended by the Valuer and not on the fairness or the economic rationale of the Scheme or the valuation methods used by the Valuer or the historical and projected financial statements relied upon for the same by the Valuer.

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The Valuer has recommended the following in their report dated November 23, 2016 (hereinafter referred to as the “Share Entitlement Arrangement”):

- a) i) For all the preference shares held in RBBPL, 933,954 fully paid-up Preference shares of Rs 10 each (face value), in ZEEL shall be issued
- ii) For all the equity shares of Rs 10 each (face value) held in RBBPL, 1 fully paid-up Preference share of Rs 10 each (face value), in ZEEL shall be issued
- b) i) For all the preference shares held in BML, 1,744,716 Preference shares of Rs 10 each (face value), credited as fully paid-up, in ZEEL shall be issued
- ii) For all the equity shares of Rs 10 each (face value) held in BML, 1 Preference share of Rs 10 each (face value), credited as fully paid-up, in ZEEL shall be issued
- c) For all the equity shares of Rs 10 each (face value) held in ABPL, 1,270,433 Preference shares of Rs 10 each (face value), credited as fully paid-up, in ZEEL shall be issued

This Opinion is being provided solely to the Board of Directors of ZEEL and strictly within this context and is not intended to represent the valuation at which such a transaction is carried out, and does not address ZEEL (or any other party's) underlying business decision to proceed with or effect any commercial decisions relating to the proposed arrangement.

Further, this Opinion is subject to the scope, limitations, assumptions, exclusions and disclaimers detailed herein and in Appendix A. This Opinion has been issued as per the requirements of Securities & Exchange Board of India (“SEBI”) circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015 (“SEBI Circular”). As such the Opinion is to be read in totality, not in parts and in conjunction with the relevant documents referred to herein. This Opinion has been issued only for the purpose of facilitating the Scheme in terms of the abovementioned SEBI Circular and should not be used for any other purpose.

#### **Source of Information**

In arriving at the Opinion set forth below, we have relied upon the accuracy and completeness of all information and documents provided to us by ZEEL and/or their other advisors, including:

1. Valuation Report dated November 23, 2016 prepared by the Valuer (a draft was shared with us before issuance of the final Valuation Report);
2. Draft Scheme provided to us by the Company;
3. Memorandum & Articles of Association of ZEEL and Transferor Companies;
4. The shareholding pattern of ZEEL dated September 30, 2016 and Transferor Companies as on October 31, 2016;



5. Audited financial statements of ZEEL and Transferor Companies for the financial years 2014-15 and 2015-16 and unaudited half yearly financial statements upto September 30, 2016.
6. Other information, explanations and representations provided by the management of ZEEL and/or its other advisors.

### Conclusion

Based upon and subject to the contents of this document (including the Appendix A), our work as described herein, to the best of our knowledge and belief, we are of the opinion that, as of the date hereof, the Share Entitlement Arrangement, as recommended by the Valuer, is fair in relation to the proposed Scheme.

Yours truly

For **IDBI Capital Markets & Securities Limited**  
(Formerly known as *IDBI Capital Market Services Limited*)

  
**Authorized Signatory**  
Name: Astha Daga  
Designation: Associate Vice President



## APPENDIX A

### Scope Limitations and Disclosures

In rendering our Opinion, we have assumed and relied, without independent verification, upon the accuracy and completeness of all financial and other information and data whether publicly available or provided to or otherwise reviewed by or discussed with us, and upon the understanding that the management of ZEEL and Transferor Companies and its other advisors are not aware of any relevant information relating to ZEEL and Transferor Companies that has been omitted or that remains undisclosed to us that would make the information or data examined by, provided to, reviewed by or discussed with us inaccurate or misleading in any respect or that would otherwise be relevant in arriving at our Opinion.

The terms of engagement were such that for arriving at the Opinion we were entitled to rely upon the information provided by ZEEL and Transferor Companies and their other advisors without detailed enquiry. Our work does not constitute an audit, due diligence or certification of the historical or projected financial statements including the working results of the companies or their businesses referred to in this Opinion. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report. We assume no responsibility whatsoever for any errors in the information furnished by ZEEL and Transferor Companies and/or their other advisors and their impact on the present exercise.

We have relied upon and have not independently verified or validated, nor do we express any opinion on, the financial, market, technical or operating projections and other information or data provided to us, or the management's views on the future businesses, operations and prospects or any underlying assumptions with respect thereto. We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the facilities/assets and liabilities of the companies and we neither express any opinion with respect thereto nor accept any responsibility therefore.

We have not made any independent valuation or appraisal of the assets or liabilities of ZEEL and Transferor Companies or any of their subsidiaries, nor have we been furnished with any such appraisals. We have not conducted or prepared a model for any asset valuation or provided an analysis of due diligence or appraisal of the assets and liabilities of ZEEL and Transferor Companies and have wholly relied on information provided by ZEEL and Transferor Companies in that regard. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts.

Neither IDBI Capital nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which this Opinion has been issued. In no circumstances however, will IDBI Capital or its affiliates, partners, directors, shareholders, managers, employees or agents of any of them accept any responsibility or liability including any pecuniary or financial liability to any third party and in the unforeseen event of any such responsibility/liability being imposed on IDBI Capital or its associates/ affiliates, directors or employees by any third party, ZEEL shall indemnify them in accordance with the Engagement Letter.

We are not legal, taxation or actuarial advisors and accordingly, our Opinion should not be construed as certifying the compliance with the provisions of any law including company or taxation laws or any legal,

regulatory including all SEBI regulations, accounting or taxation implications or issues. We understand that ZEEL and Transferor Companies would obtain such advice as deemed necessary from qualified professionals.

We do not express any opinion as to the price at which shares of ZEEL and Transferor Companies may trade at any time, including subsequent to the date of this Opinion. In rendering our Opinion, we have assumed, that the Scheme will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary Regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on ZEEL and Transferor Companies and / or its subsidiaries and their respective shareholders.

We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible un-asserted claims, or other contingent liabilities to which ZEEL and Transferor Companies are or may be a party or are or may be a subject, or of any government investigation of any possible un-asserted claims or other contingent liabilities to which the companies are or may be a party or are or may be a subject. No investigation as to the companies' claim to title of assets has been made for the purpose of this exercise and the companies' claim to such rights has been assumed to be valid. We have not evaluated the solvency or fair value of the Demerged Undertakings of Transferor Companies and/or the Resulting Company under either the laws of India or other laws relating to bankruptcy, insolvency or similar matters.

Our Opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date thereof. We assume no responsibility for updating or revising our Opinion based on circumstances or events occurring after the date hereof. Our Opinion is specific to the transfer and vesting of the Demerged Undertakings of the Transferor Companies into the Resulting Company as contemplated in the draft Scheme provided to us and is not valid for any other purpose. In arriving at our Opinion, we were not authorized to solicit, and did not solicit, interest from any party with respect to the acquisition, business combination or other extraordinary transaction involving ZEEL and Transferor Companies or any of their assets, nor did we negotiate with any party in this regard. Our Opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme or any matter related thereto.

Our Opinion also does not address any matters other than expressly stated herein, including but not limited to matters such as corporate governance matters, shareholder rights or any other equitable considerations. We were not requested to, and we did not, participate in the negotiation of the terms of the arrangement, its feasibility or otherwise and we did not provide any advice or services in connection with the arrangement other than the delivery of this Opinion. We express no view or opinion as to any such matters. We also express no view as to, and our Opinion does not address, the fairness (financial or otherwise) of the amount or nature or any other aspect of any compensation to any officers, directors or employees to any parties of the arrangement, or any class of such persons, relative to the Share Entitlement Arrangement. We express herein no view or opinion as to any terms or other aspects of the Scheme (other than the Share Entitlement Arrangement to the extent expressly stated herein).

IDBI Capital will receive a fee in connection with the delivery of this Opinion. The fee for our services is not contingent upon the nature of Opinion provided to ZEEL. The fee for our services is not contingent upon the





results of the proposed Arrangement. In addition, ZEEL has agreed to reimburse certain of our expenses and to indemnify us against liabilities arising out of our engagement. This Opinion is subject to the laws of India.

IDBI Capital and/or our affiliates in the past may have provided, and may currently or in the future provide, investment banking, commercial banking and other financial services to the Resulting Company and/or Transferor Companies and/or their affiliates unrelated to the proposed Scheme. We may have received or in the future may receive compensation for the rendering of the aforementioned services. In the ordinary course of our businesses, we and our affiliates may invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in debt, equity or other securities or financial instruments (including derivatives, bank loans or other obligations) of Resulting Company and/or Transferor Companies and/or their respective affiliates, holding companies and group companies.

In no circumstances shall the liability of IDBI Capital, its directors or employees related to the service provided in connection with this opinion, exceed the amount paid to IDBI Capital as fees for this Opinion.

#### **Distribution of this Opinion**

It is understood that this Opinion is for the benefit and use of the Board of Directors of ZEEL (in its capacity as such) in connection with and for the purposes of its proposed Scheme and is not rendered to or for the benefit of, and shall not confer rights or remedies upon, any person other than the Board of Directors of ZEEL. This Opinion may not be disclosed, referred to, or communicated (in whole or in part) to any third party, nor shall any public reference to us be made, for any purpose whatsoever except (i) with our prior written consent in each instance; and (ii) as required to be disclosed by ZEEL pursuant to the listing agreements between ZEEL and the stock exchanges and the SEBI Circular (the “Purpose”).

It is understood that this Opinion is solely for the Purpose, and should not be relied on by anybody to whom this Opinion is not addressed. If this Opinion is used by any person other than to whom this Opinion is addressed, or other than for the Purpose, then we will not be liable for any consequences thereof. Neither this Opinion nor its contents may be referred to quoted to/by any third party, in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or documents given to third parties. The receipt of this Opinion by any person is not to be taken as constituting the giving of investment opinion by us to any such person, not to constitute such person our client.

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