

**Relevant particulars of the Scheme of Arrangement between
Zee Entertainment Enterprises Limited and its Equity Shareholders
Approved by the Board of Directors of the Company on June 14, 2013 to facilitate
Bonus issue of 6% Cumulative Redeemable Non-Convertible Preference Shares
uploaded on Website pursuant to Circular No. CIR/CFD/DIL/5/2013 dated
February 4, 2013 issued by SEBI**

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For **Zee Entertainment Enterprises Limited**

S/d

M. Lakshminarayanan
Chief Compliance Officer & Company Secretary

Mumbai, June 17, 2013

SCHEME OF ARRANGEMENT
BETWEEN
ZEE ENTERTAINMENT ENTERPRISES LIMITED
AND
ITS EQUITY SHAREHOLDERS

This Scheme of Arrangement is presented under Section 391 read with Sections 16, 94 and any other applicable provisions of the Companies Act, 1956 (the Act) for the purpose of issue of 6% Cumulative Redeemable Non-Convertible Preference Shares of Re 1 each to the shareholders of Zee Entertainment Enterprises Limited by way of Bonus as a Special Reward.

(A) Background and Objectives of the Scheme

- i. Zee Entertainment Enterprises Limited ('the Company') is a public limited company incorporated under the provisions of the Act (as defined hereinafter) and has its registered office at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018, India. The Company is in the media and entertainment business *inter alia* of procurement, development, distribution and dissemination, broadcast / re-broadcast of entertainment television software programmes, including Cinematograph feature films, serials, Talents Hunt / Reality shows through satellite, terrestrial or cable channels or through Direct to Home (DTH), Internet Protocol based deliveries using existing and emerging technologies, and distribution platforms.

- ii. The Company has been consistently making profits and has over the years accumulated significant balance in its Reserves Account(s). The Company expects that its business operations will continue on a high growth trajectory in coming years and generate incremental cash flow over the next few years.
- iii. Thus the Company has concluded that it can optimally utilize its surplus reserves by rewarding its Equity Shareholders by issuing Bonus Preference Shares to its equity shareholders, on the occasion of completion of 20 years of its television broadcasting business.
- iv. Preference shares, while giving near-cash (traded, encashable) instrument in the hands of shareholders, give increased flexibility to the Company in managing its treasury through options like buy back, redemptions, etc.
- v. In view of the aforesaid factors, the Company has concluded that it can optimally utilize its surplus reserves by distributing a significant portion of the same to the equity shareholders. Accordingly, the Company has proposed to issue by way of bonus, Bonus Preference Shares (as defined below in Clause 1.1) to its equity shareholders. In the interest of transparency and good corporate governance and by way of abundant caution, the Company has decided to propose this Scheme of Arrangement between the Company and its equity shareholders under Section 391 read with Sections 16, 94 and other relevant provisions of the Act, which will be subject to necessary approvals of the shareholders, the Hon'ble High Court (as defined hereinafter) and such other applicable regulatory approvals / exemptions.
- vi. The proposed Scheme of Arrangement is between Zee Entertainment Enterprises Limited and its equity shareholders for issuance of 6% Cumulative

Redeemable Non-Convertible Preference Shares by way of Bonus to its equity shareholders.

(B) Parts of the Scheme

The Scheme is divided into the following parts:

- (a) **PART I** deals with the Definitions and Share Capital;
- (b) **PART II** deals with the arrangement with the equity shareholders; and
- (c) **PART III** deals with the general terms and conditions.

PART I

DEFINITIONS AND SHARE CAPITAL

1.1. DEFINITIONS

In this Scheme of Arrangement (as defined hereinafter), unless inconsistent with the subject or context, the following expressions shall have the following meaning:

- 1.1.1. **“Act” or “the Act”** means the Companies Act, 1956, and shall include any statutory modification, re-enactment or amendments, thereof for the time being in force;
- 1.1.2. **“Board”** means the Board of Directors of the Company and shall include a committee duly constituted and authorised by the Board of Directors for the purposes of matters pertaining to the issuance of Bonus Preference Shares, the Scheme and/or any other matter relating thereto.
- 1.1.3. **“Bonus Preference Shares”** means 6% Cumulative Redeemable Non-convertible Preference Shares of Re. 1 each to be issued by the Company by way of Bonus to its equity shareholders pursuant to the present Scheme, the principal terms and conditions for which have been set out in **Annexure -1** to this Scheme.
- 1.1.4. **“Company”** means Zee Entertainment Enterprises Limited having its registered office at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018, India
- 1.1.5. **“Court” or “High Court”** means the High Court of Judicature at Bombay or such other competent authority having jurisdiction in Mumbai, and shall

include the National Company Law Tribunal, if applicable and shall also include any other Court, authority , Tribunal whose approval may be required under any other applicable laws

1.1.6. **“Effective Date”** or **“Scheme becoming effective”** means the last of the dates on which all the conditions and matters referred to Clause 2.8.1 of this Scheme occur or have been fulfilled or waived in accordance with the Scheme. References in this Scheme to the ‘date of coming into effect of the Scheme’ or ‘effectiveness of the Scheme’ shall mean the Effective Date;

1.1.7. **“Record Date”** means the date, after the Effective Date, which may be fixed by the Board of Directors of the Company for the purpose of determining the entitlement of the equity shareholders of the Company to whom Bonus Preference Shares will be issued and allotted pursuant to this Scheme;

1.1.8. **“Registrar of Companies”** means the Registrar of Companies, Mumbai, Maharashtra;

1.1.9. **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Scheme of Arrangement with the equity shareholders in its present form or in such other form after incorporating the suggestions if any, of the Stock Exchanges (where the Company’s shares are listed) and/or the Securities and Exchange Board of India, as modified or altered by the Board and as may be sanctioned by the Court;

1.2. All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, and other applicable laws, rules,

regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof for the time being in force.

- 1.3. Reference to clauses, recitals and annexures, unless otherwise provided, are to clauses, recitals and annexures of and to this Scheme.
- 1.4. The headings herein shall not affect the construction of this Scheme.
- 1.5. The singular shall include the plural and vice versa; and references to one gender include all genders.
- 1.6. Any phrase introduced by the terms "including", "include"; "in particular"; or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.7. References to person include any individual, firm, body corporate (whether or not incorporated), Government, state or agency of a state or any joint venture, association and partnership
- 1.8. The annexure to this Scheme form an integral and inseparable part of this Scheme
- 1.9. **SHARE CAPITAL**
 - 1.9.1. The authorised, issued, subscribed and paid-up share capital of the Company as on March 31, 2013 is as under:

Share Capital	Amount in Rs.
<u>Authorized Share Capital</u>	
139,92,00,000 Equity Shares of Re. 1 each	139,92,00,000
TOTAL	139,92,00,000

Share Capital	Amount in Rs.
<u>Issued, subscribed and paid-up Share Capital</u>	
95,39,57,720 Equity shares of Re. 1 each fully paid up	95,39,57,720
TOTAL	95,39,57,720

The Company had granted 43,40,000 Stock Options under its Employee Stock Option Scheme (ESOS 2009) in 2009 which got doubled to 86,80,000 options consequent to Bonus issue of Equity Shares in 2011. The Said Options were convertible into equivalent number of Equity Shares of Re. 1 each of the Company. Of these 65,48,800 vested Options were outstanding as at March 31, 2013. Subsequent to March 31, 2013, out of these options 54,48,700 Options got exercised upon which the Company has issued and allotted 54,48,700 Equity Shares of Re 1 each, resulting in the increase in paid-up share capital of the Company to Rs. 95,94,06,420 comprising of 95,94,06,420 Equity Shares of Re. 1 each.

Exercise of any balance outstanding stock option(s) may result in an increase in the issued and paid up share capital of the Company on or prior to the Record Date.

PART II
ARRANGEMENT WITH THE EQUITY SHAREHOLDERS

2.1. ISSUE OF BONUS PREFERENCE SHARES

- 2.1.1. Upon the effectiveness of the Scheme, the Company shall issue and allot by way of bonus, to each equity shareholder whose name is recorded in the Registrar of Members of the Company and/or the records of the depository(ies) as equity shareholder of the Company on the Record Date as may be decided by the Board of Directors of the Company, in the ratio of 21 (Twenty One) Bonus Preference Shares of the face value of Re.1/- (One) each fully paid up in the Company for every equity share of Re. 1 (One) each fully paid up held by such equity shareholder. No Bonus Preference Shares will be issued under this Scheme in respect of any equity shares of the Company that have been forfeited. The issuance of Bonus Preference Shares pursuant to this Scheme in respect of any equity shares of the Company which are held in abeyance under the provisions of Section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, be held in abeyance by the Company. The Equity Shares lying in 'Unclaimed Suspense Account' shall also be eligible for issuance of Bonus Preference Shares and such Bonus Preference Shares shall be dealt with in the same manner as Equity Shares lying in the said Unclaimed Suspense Account.
- 2.1.2. The issue of such a bonus to equity shareholders does not involve any release of assets by the Company to shareholders at the time of issuance of Bonus Preference Shares.

2.1.3. The Bonus Preference Shares shall be issued by utilizing Capital Redemption Reserve, Securities Premium Account, General Reserve and Surplus in the Statement of Profit and Loss in the order of sequence

2.2. TERMS AND CONDITIONS OF BONUS PREFERENCE SHARES

2.2.1. The Bonus Preference Shares shall be issued on terms and conditions consistent with the principal terms and conditions set out in **Annexure -1** and as set out in the Scheme.

2.2.2. As soon as practicable after the issuance of Bonus Preference Shares, with a view to provide liquidity to the Preference shareholders, the Company shall take necessary steps towards listing the Bonus Preference Shares on the Stock Exchanges where the Company's Equity Shares are listed viz. BSE Limited and National Stock Exchange of India Limited, subject to Regulatory approvals.

2.3. VOTING RIGHTS ON BONUS PREFERENCE SHARES

2.3.1. As per the provisions of Section 87 of the Act, the holders of Bonus Preference Shares shall have a right to vote only on resolutions which directly affect their rights.

2.3.2. The holders of Bonus Preference Shares shall also have a right to vote on every resolution placed before the Company at any meeting of the equity shareholders if dividend or any part of the dividend has remained unpaid on the said Bonus Preference Shares for an aggregate period of atleast two years preceding the date of the meeting

2.4. PROCESS FOR ISSUANCE OF BONUS PREFERENCE SHARES

- 2.4.1. The Bonus Preference Shares shall be issued within a period of 15 working days from the Record Date to the equity shareholders who are eligible to receive the same.
- 2.4.2. The Bonus Preference Shares that will be issued to the equity shareholders pursuant to this Scheme shall be issued in dematerialized form to the equity shareholders, who are recorded as holding equity shares of the Company in dematerialized form, or from whom the Company has received a notice in writing prior to the Record Date of details of their account with a depository participant and who have provided details thereof and such other confirmations as may be required, by direct credit to the beneficiary account of each such equity shareholder. For all other equity shareholders or in the event that the Company is unable to credit the demat / beneficiary accounts of the aforesaid equity shareholders, the Company shall issue Bonus Preference Shares in physical form to such equity shareholders. No letter of allotment would be issued for the Bonus Preference Shares.
- 2.4.3. In case the Company is unable to issue Bonus Preference Shares to any of the equity shareholders who are otherwise entitled to them on account of non receipt of any approval / exemption / sanction then the Company shall at its absolute discretion issue such shares to a trustee nominated by it, who shall at its discretion sell such shares on the stock exchange or otherwise and distribute the net sale proceeds (after deduction of applicable taxes and other expenses incurred) to the equity shareholders respectively entitled to the same in proportion to their entitlements.

2.5. REDEMPTION / BUYBACK OF BONUS PREFERENCE SHARES

2.5.1. Subject to the provisions of Clauses 2.5.2 and 2.5.3, the Company shall redeem at par value, 20% of the total Bonus Preference Shares allotted, every year from the fourth anniversary of the date of allotment of Bonus Preference Shares as follows:

Year	Redemption %	Cumulative Redemption %
4	20	20
5	20	40
6	20	60
7	20	80
8	20	100

For the purpose of redemption, as may be decided by the Board and allowed by the regulatory authorities, the Company may consolidate or sub-divide the face value of the Bonus Preference Shares and/or generally decide on the manner in which such redemption and payout of proceeds upon redemption will be carried out.

2.5.2. The Company shall have an option to buy back the Bonus Preference Shares fully or in parts at an earlier date(s) as may be decided by the Board. If on any anniversary of the date of allotment beginning from the fourth anniversary of the date of allotment, the total number of Bonus Preference Shares bought back and redeemed cumulatively is in excess of the cumulative Bonus Preference Shares required to be redeemed till the said anniversary, then there will be no redemption on that anniversary. In case of

any shortfall, the redemption at the end of that anniversary shall be made pro rata and shall be restricted to the percentage of such shortfall.

- 2.5.3. At the 8th anniversary of the date of allotment, all the remaining and outstanding Bonus Preference Shares shall be redeemed by the Company.

2.6. DECLARATION OF DIVIDEND ON BONUS PREFERENCE SHARES

- 2.6.1. Dividend @ 6% per annum for each financial year ending on the 31st day of March will be paid on the 15th day of April of the subsequent financial year to those preference shareholders who are holding Bonus Preference Shares as on the 31st day of March of the previous financial year. The first dividend payment will be made on a pro rata basis from the date of allotment till the 31st day of March of the financial year in which the Bonus Preference Shares are issued. Dividend on Bonus Preference Shares redeemed at the respective anniversary dates for the period from the 1st day of April of that financial year till the date of redemption will be paid along with the redemption value.

- 2.6.2. Approval of this Scheme by the equity shareholders shall be deemed to be approval for the payment of dividend from time to time, to the preference shareholders as per clause 2.6.1 and no further approval of the equity shareholders shall be required in terms of any section of Act at the time of actual payment of dividend or payment of redemption proceeds to the preference shareholders.

2.7. INCREASE IN AUTHORISED CAPITAL AND AMENDMENT TO MEMORANDUM OF ASSOCIATION

2.7.1. As an integral part of this Scheme, and upon the sanction of this Scheme the authorised share capital of the Company shall automatically stand increased and reclassified without any further act, instrument or deed on the part of the Company or its equity shareholders to Rs. 2300,00,00,000 (Two Thousand Three Hundred Crores Only) as on the Effective Date and the Memorandum of Association of Association of the Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the equity shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting these amendments, and no further resolution(s) under Section 16, Section 94 or any other applicable provisions of the Act, would be required to be separately passed.

2.7.2. Pursuant to the above Scheme becoming effective, the authorised share capital of the Company will be increased and reclassified as under

Share Capital	Amount in INR
<u>Authorised</u>	
200,00,00,000 Equity Shares of Re 1 each	200,00,00,000
2100,00,00,000 Preference Shares of Re. 1 each	2100,00,00,000
Total	2300,00,00,000

2.7.3. Clause V of the Memorandum of Association shall stand substituted by virtue of the Scheme to read as follows:

“V. The Authorised Share Capital of the Company is Rs. 2300,00,00,000/- (Two Thousand Three Hundred Crores Only) consisting of 200,00,00,000 (Two Hundred Crores) Equity Shares of Re 1/- (One) each and 2100,00,00,000 (Two Thousand One Hundred Crores) Preference Shares of Re. 1/- (One) each”

2.7.4. Consent of the equity shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment to the Memorandum of Association of the Company as set out in Clause 2.7.3 above as also for the issuance of the Bonus Preference Shares, and no further resolution under Section 16, 94 or any other applicable provision of the Act in this regard, would be required to be separately passed in connection with the increase and/or reclassification of Authorised Share Capital and consequent amendment to the Memorandum, or the issuance of Bonus Preference Shares by the Company .

2.8. SCHEME CONDITIONAL ON APPROVALS / EXEMPTIONS / SANCTIONS

2.8.1. The Scheme is conditional on and subject to:

- a) the approval to the Scheme by the requisite majority of the equity shareholders of the Company as prescribed / applicable under law / regulations;
- b) the sanction of the High Court being obtained;
- c) Any other approval / exemption / sanction including Central Government and any other regulatory authority, as may be required by law in respect of the Scheme being obtained, and

- d) The certified copies of the High Court order referred to in this Scheme being filed with the Registrar of Companies.

2.9. EFFECT ON NON RECEIPT OF APPROVALS/SANCTIONS

In the event of any aforesaid approvals / exemptions / sanctions not being obtained and/or the Scheme not being sanctioned by the High Court and/or the Order or Orders not being passed as aforesaid on or before March 31, 2014 or within such extended period or periods as may be approved by the Board, the Scheme shall become null and void and in that event, no rights and liabilities shall accrue to or be incurred by the Company or its shareholders or any other person, and the Company shall bear and pay the costs, charges and expenses for and/or in connection with the Scheme.

PART III

GENERAL TERMS AND CONDITIONS

3.1 DIVIDENDS

- 3.1.1. Nothing contained herein shall be construed as restricting or restraining the Company from being entitled to declare and pay dividends, whether interim or final, to its equity shareholders whether during the pendency of the Scheme or otherwise and the holders of the equity shares of the Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under the Articles of Association including the right to receive dividends and other benefits.
- 3.1.2. It is clarified that the aforesaid provisions in respect of declaration of dividends to equity shareholders are enabling provisions only and shall not be deemed to confer any right on any equity shareholder of the Company to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the Board of Directors of the Company and subject to the approval, if required, of the shareholders of the Company.
- 3.1.3. The Scheme is an arrangement between the Company and its equity shareholders under Section 391 of the Act and does not envisage transfer or vesting of any properties and/or liabilities to or in favor of a transferee company as contemplated in Section 394 of the Act. The Scheme does not involve any "conveyance" or "transfer" of any property and does not relate to amalgamation or merger of companies under the order of the High Court

under Section 394 of the Act, and consequently, the Order of the Hon'ble High Court approving the Scheme will not attract any stamp duty.

3.1.4. The Scheme and issuance of Bonus Preference Shares hereunder is intended exclusively for the equity shareholders of the Company on the Record Date and does not constitute an offer or an invitation to the public to subscribe to the Preference Shares and/or Equity Shares. Neither the Scheme nor any related document shall constitute an offer document or prospectus in any manner or for any purpose whatsoever.

3.2 APPLICATION TO COURT

The Company shall with all reasonable dispatch, make applications/petitions to the Hon'ble High Court of Judicature at Bombay under Section 391 and other applicable provisions of the Act or such other applicable Tribunal / Court / authority for sanctioning the Scheme.

3.3 MODIFICATION OR AMENDMENTS TO THE SCHEME

3.3.1 The Company, by its Directors (including a Committee of Directors constituted for this purpose) may effect or assent to any modification or amendment to the Scheme or agree to any terms and/or conditions which the Court and/or any regulatory authorities or other authorities under law may deem fit to direct or impose or which may otherwise be considered necessary or desirable by the Board of Directors of the Company for implementing the Scheme or any modified scheme and for settling any question or doubt or difficulty that may arise for implementing and/or carrying out such Scheme or otherwise as may be considered to be in the best interest of the Company and its equity shareholders and do all acts,

deeds and things as may be necessary, desirable or expedient for giving effect to the Scheme.

3.3.2 In the event of any modification of the Scheme by the Board, Bonus Preference Shares shall include any other tradable security, having similar yield and/or tenure, as may be decided by the Board which serves similar purpose of rewarding the shareholders.

3.3.3 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Company, the Board or any person authorized by the Board shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of the share in the Company and in relation to the issuance of the Bonus Preference Shares after the effectiveness of the Scheme.

3.3.4 If any part of this Scheme is found to be unworkable or if implementation of this Scheme is delayed for any reason whatsoever, the same shall not affect the validity or implementation of the other parts and/ or provisions of this Scheme.

3.4 OVERRIDING EFFECT

3.4.1 Upon coming into effect of this Scheme the rights, liabilities and obligations of the equity shareholders, Company and any other party shall be governed by the terms and conditions of this Scheme and shall be binding upon them.

3.5 COMPLIANCE WITH STATUTORY PROVISIONS

3.5.1 All actions that may be taken by the Company pursuant to and in accordance with this Scheme shall be deemed to have not breached any term and conditions or any other provisions of law.

3.6 NON SANCTIONING OF THE SCHEME

In the event of non sanctioning of the Scheme by the Hon'ble High Court or any approval / exemption / sanction referred to in Clause 2.8.1 is not obtained or obtained with modifications / alterations such that share capital of the Company is not required to be altered and/or in the event of withdrawal of the Scheme due to any reason beyond the control of the Company, the amendment to the Memorandum of Association in respect of Clause V, shall be deemed to have not been effected and / or implemented and Clauses 2.7.1, 2.7.2 and 2.7.3 shall be rendered ineffective and null and void.

3.7 SEVERABILITY

If any part of this Scheme is found to be unworkable for any reason whatsoever including by reason of order of a Court or Regulatory authority or any legislative amendment, the same shall not, subject to the decision of the Company affect the validity or implementation of the other parts and/or provisions of this Scheme.

3.8 COSTS, CHARGES & EXPENSES

3.8.1 All costs, charges and expenses of the Company in relation to or in connection with the Scheme and of carrying out and

implementing/completing the terms and provisions of the Scheme and/or incidental to the completion thereof in pursuance of the Scheme, shall be borne and paid by the Company. For the avoidance of doubt it is clarified that equity shareholders will be required to bear and pay all taxes as may be applicable to them in relation to the Bonus Preference Shares held by them.

Annexure – 1

TERMS AND CONDITIONS FOR ISSUE OF BONUS PREFERENCE SHARES

Issuer	Zee Entertainment Enterprises Limited
Instrument	Cumulative Redeemable Non-convertible Preference Shares
Face value	Re. 1
Coupon Rate	6% p.a.
Tenure	8 years from the date of allotment
Redemption	<p>The Company shall redeem at par, 1/5th of the nominal value (i.e. 20%) of the Bonus Preference Shares every year from the 4th anniversary of the date of allotment. The Company shall have option to buyback the Bonus Preference Shares earlier. Any Bonus Preference Shares bought back shall stand extinguished within the next 30 days.</p> <p>Bonus Preference Shares bought back by the company shall be entirely adjusted with Bonus Preference Shares required to be redeemed by the Company. Any excess bought back number shall be adjusted against next tranche of redemption.</p>
Market Lot	One Preference Share or as required by stock exchanges
Listing	Proposed to be listed on the same stock exchanges on which the equity shares of the company are listed

**Report of the Audit Committee of Zee Entertainment Enterprises Limited
To the Board of Directors**

We invite reference of the Board members to the in-principle approval given at the last Board meeting held on May 22, 2013 for issuance of 6% Cumulative Redeemable Non-Convertible Preference Shares ('RPS') to the Equity Shareholders of the Company in the ratio of 21 (Twenty One) 6% Cumulative Redeemable Non-Convertible Preference Shares of the face value of Re.1/- (One) each ('RPS') fully paid up in the Company for every equity share of Re. 1 (One) each fully paid under a Scheme of Arrangement between the Company and its Equity Shareholders (**'the Scheme'**).

The Audit Committee of the Board at the meeting held today i.e. on June 14, 2013, has perused the

- ✓ draft of the Scheme presented by the Management including the rationale and its salient features; and
- ✓ confirmation from the Chief Financial Officer of the Company on the Networth of the Company and reserves available for distribution.

While noting that since there is no change in the shareholding of the Company (as a consequence of the proposed issue of RPS by way of Bonus as a reward to the equity shareholders) presentation and/or consideration of any Valuation report from Independent Chartered Accountant as mandated under SEBI Circular No CIR/CFD/DIL/5/2013 dated February 4, 2013 is not applicable, the Audit Committee had considered and approved the attached Scheme in-principle and recommends to the Board for its consideration.

In order for the Company to comply with the requirements of extant regulations applicable to listed companies undertaking any Scheme of Arrangement under the Companies Act, 1956, 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

S/d
Prof R Vaidyanathan
Member – Audit Committee
Zee Entertainment Enterprises Limited

Mumbai, June 14, 2013

Shareholding Pattern Pre & Post Scheme of Arrangement between the Company and its**Name of the Company - ZEE ENTERTAINMENT ENTERPRISES LIMITED****Scrip Code - 505537****As on - 10th June 2013****Introductory Sub-table (i) (a)**

	Partly Paid Up Shares	No of partly paid up shares	As a % of total Partly paid up shares
	Held by Promoter / Promoter Group	NA	NA
	Held by Public	NA	NA
	Total D	NA	NA
	Outstanding Convertible Securities		
	Held by Promoter / Promoter Group	NA	NA
	Held by Public	NA	NA
	Total E	NA	NA
	Warrants		
	Held by Promoter / Promoter Group	NA	NA
	Held by Public	NA	NA
	Total F	NA	NA
	Total Paid Up Capital assuming full conversion	0	0

(I) (a) Statement Showing Shareholding Pattern

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	No of Shares held on Dematerialised form	Total Shareholding as percentage of total number of shares		Shres pledged or otherwise encumbered	
					As % of (A+B)	As % of (A+B+C)	No of Shares	As % of Shareholding
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= VIII/IV*100
A	Shareholding of Promoter & Promoter Group							
1	Indian							
a	Individuals / HUF	0	0	0	0.00%	0.00%	-	0.00%
b	Central / State Government	0	-	-	0.00%	0.00%	-	0.00%
c	Bodies Corporate	17	24,14,03,408	24,14,03,408	25.16%	25.16%	14,46,31,407	59.91%
d	Financial Institutions / Banks	0	-	-	0.00%	0.00%	-	0.00%
e	Any other (Specify)							
	Sub-total	17	24,14,03,408	24,14,03,408	25.16%	25.16%	14,46,31,407	59.91%
2	Foreign							
a	Individuals (Non-resident/ Foreign)	0	-	-	0.00%	0.00%	-	0.00%
b	Bodies Corporate	4	17,22,66,804	17,22,66,804	17.96%	17.96%	-	0.00%
c	Institutions	0	-	-	0.00%	0.00%	-	0.00%
d	Qualified Foreign Investor	0	-	-	0.00%	0.00%	-	0.00%
e	Any other (Specify)	0	-	-	0.00%	0.00%	-	0.00%
	Sub-total	4	17,22,66,804	17,22,66,804	17.96%	17.96%	-	0.00%
	Grand Total A	21	41,36,70,212	41,36,70,212	43.12%	43.12%	14,46,31,407	34.96%
B	Public Shareholding							
1	Institutions						NA	NA
a	Mutual Funds and UTI	114	5,71,66,616	5,71,66,616	5.96%	5.96%	-	-
b	Financial Institutions/Banks	15	1,08,026	1,08,026	0.01%	0.01%	-	-
c	Central / State Government	0	-	-	0.00%	0.00%	-	-
d	Venture Capital Funds	0	-	-	0.00%	0.00%	-	-
e	Insurance Companies	6	1,78,40,390	1,78,40,390	1.86%	1.86%	-	-
f	Foreign Institutional Investors	460	40,93,92,463	40,93,70,563	42.67%	42.67%	-	-
g	Foreign Venture Capital Investors	0	-	-	0.00%	0.00%	-	-
h	Qualified Foreign Investor	0	-	-	0.00%	0.00%	-	-
i	Foreign Bank	1	30,100	30,100	0.00%	0.00%	-	-
	Sub-total	596	48,45,37,595	48,45,15,695	50.50%	50.50%	-	-
2	Non-Institutions						NA	NA
a	Bodies Corporate	1912	3,39,92,578	3,39,82,034	3.54%	3.54%	-	-
b-i	Individuals holding shares upto Rs. 1 Lac in nominal value	94633	2,02,40,023	1,94,69,015	2.11%	2.11%	-	-
b-ii	Individuals holding shares in excess of Rs. 1 Lac in nominal value	3	42,14,758	42,14,758	0.44%	0.44%	-	-
c	Qualified Foreign Investor	0	-	-	0.00%	0.00%	-	-
d	Any other						NA	NA
i	Overseas Corporate Body	3	33,838	33,838	0.00%	0.00%	-	-
ii	Foreign National	2	3,690	3,690	0.00%	0.00%	-	-
iii	Foreign Bodies	2	93,952	93,952	0.01%	0.01%	-	-
iv	NRI	1658	25,01,682	16,18,550	0.26%	0.26%	-	-
v	Trust	13	1,18,092	75,838	0.01%	0.01%	-	-
	Sub-total	98,226	6,11,98,613	5,94,91,675	6.38%	6.38%	-	-
	GRAND TOTAL B	98,822	54,57,36,208	54,40,07,370	56.88%	56.88%	-	-
C	Share held by Custodians & against which Depository Receipts have been Issued							
		0	-	-	0.00%	0.00%	-	-
	GRAND TOTAL A+B+C	98,843	95,94,06,420	95,76,77,582	100.00%	100.00%	14,46,31,407	15.08%

(I)(b) Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Promoter and Promoter Group"

Sr No	Name of Shareholder	Details of Shares held		Encumbered Shares			Details of Warrants		Convertible		Total Shares to be issued on conv of Warrants / conv sec) as % of diluted capital
		No of Shares	% of (A+B+C)	Number	% of Holding	% of Capital	No	%	No	%	
1	Spirits Textiles Pvt. Ltd.	200	0.00%	-	0.00%	0.00%	0	0%	0	0%	0.00%
2	Essel Infraprojects Ltd	100	0.00%	-	0.00%	0.00%	0	0%	0	0%	0.00%
3	Premier Finance & Trading Co Ltd	100	0.00%	-	0.00%	0.00%	0	0%	0	0%	0.00%
5	Veena Investment Pvt. Ltd.	100	0.00%	-	0.00%	0.00%	0	0%	0	0%	0.00%
8	Essel Media Ventures Limited	10,28,88,286	10.72%	-	0.00%	0.00%	0	0%	0	0%	10.72%
9	Essel International Ltd	2,30,00,000	2.40%	-	0.00%	0.00%	0	0%	0	0%	2.40%
10	Essel Holdings Limited	4,63,78,518	4.83%	-	0.00%	0.00%	0	0%	0	0%	4.83%
11	Cyquator Media Services Pvt. Ltd.	24,14,02,908	25.16%	14,46,31,407	59.91%	15.16%	0	0%	0	0%	25.16%
Total		41,36,70,212	43.12%	14,46,31,407	34.96%	15.08%	0	0%	0	0%	43.12%

(I) (c) (i) Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Public" and holding more than 1% of the total number of shares

Sr No	Name of Shareholder	Number of Shares	% of (A+B+C)	Details of Warrants		Details of Convertible Securities		Total Shares (incl shares to be issued on conv of Warrants / conv sec) as % of diluted capital
				No	%	No	%	
1	Oppenheimer Developing Marketing Fund	9,47,16,065	9.87%	0	0.00%	0	0%	9.93%
2	Government Pension Fund Global	1,82,24,228	1.90%	0	0.00%	0	0%	1.91%
3	Government of Singapore	1,49,00,141	1.55%	0	0.00%	0	0%	1.56%
4	Oppenheimer Global Fund	1,40,03,568	1.46%	0	0.00%	0	0%	1.47%
5	New World Fund INC	1,12,50,000	1.17%	0	0.00%	0	0%	1.18%
6	Life Insurance Corporation of India	1,08,26,602	1.13%	0	0.00%	0	0%	1.13%
7	Vanguard Emerging Market Stock Index Fund A Series of Vanguard International Equity Index Fund	1,01,36,774	1.06%	0	0.00%	0	0%	1.02%
Total		17,40,57,378	18.14%	0	0.00%	0	0%	18.20%

(I) (C) (ii) Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Public" and holding more than 5% of the total number of shares

Sr No	Name of Shareholder	No of Shares	% of (A+B+C)	Details of Warrants		Securities		Total Shares (including shares to be issued on conv of Warrants / conv sec) as %
				No	%	No	%	
1	Oppenheimer Developing Marketing Fund	9,47,16,065	9.87%	0	0.00%	0	0%	9.87%
Total		9,47,16,065	9.87%					9.87%

(I)(d) Statement showing details of Locked-in shares

Sr No	Name of Shareholder	Locked-in	Category	% of total capital
1	9X Media Employee Trust	21,127	Non-Promoter	0.00%
2	NSR-PE Mauritius LLC	14,084	Non-Promoter	0.00%
Total		35,211	0.00%	

(II)(a) Statement showing details of Depository Receipts (DRs)

Sr No	Type of O/s. DR	No of O/s DR	No of Shares underlying O/s. DR	% of total capital
	Nil	0	0	0
Total		0	0	0

number of shares

Sr No	Name of DR holder	Type of Dr	No of Shares underlying O/s. DR	% of total capital
	Nil	0	0	0
Total		0	0	0

(III)(a) Statement showing the voting pattern of shareholders, if more than one class of shares/securities is issued by the Issuer
(Give description of voting rights for each class of security- Class X / Y / Z)

Category	Category of Shareholder	No of Voting rights of each class of securities			Total Voting Rights	Total Voting rights (vi)	
		Class X	Class Y	Class Z		As % of (A+B)	As % of (A+B+C)
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)
A	Promoter & Promoter Group						
	1 Indian						
a	Individuals / HUF	NA	NA	NA	NA	NA	NA
b	Central / State Government	NA	NA	NA	NA	NA	NA
c	Bodies Corporate	NA	NA	NA	NA	NA	NA
d	Financial Institutions / Banks	NA	NA	NA	NA	NA	NA
e	Any other (Specify)	NA	NA	NA	NA	NA	NA
	Sub Total A	0	0	0	0	0	0
	2 Foreign						
a	Individuals(NRI / Foreign)	NA	NA	NA	NA	NA	NA
b	Bodies Corporate	NA	NA	NA	NA	NA	NA
c	Institutions	NA	NA	NA	NA	NA	NA
d	Any other (Specify)	NA	NA	NA	NA	NA	NA
	Total Promter / Promoter Group Holding	0	0	0	0	0	0
	Public Shareholding						
	1 Institutions						
a	Mutual Funds / UTI	NA	NA	NA	NA	NA	NA
b	Financial Institutions / Banks	NA	NA	NA	NA	NA	NA
c	Central / State Government	NA	NA	NA	NA	NA	NA
d	Venture Capital Funds	NA	NA	NA	NA	NA	NA
e	Insurance Companies	NA	NA	NA	NA	NA	NA
f	Foreign Institutional Investors	NA	NA	NA	NA	NA	NA
g	Foreign Venture Capital Investor	NA	NA	NA	NA	NA	NA
h	Any other (Specify)	NA	NA	NA	NA	NA	NA
	Sub Total B(1)	NA	NA	NA	NA	NA	NA
	2 Non-institutions						
a	Bodies Corporate	NA	NA	NA	NA	NA	NA
b i.	Individual shareholders holding nominal share capital upto Rs. 1 Lakh	NA	NA	NA	NA	NA	NA
b ii.	Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	NA	NA	NA	NA	NA	NA
c	Any other (Specify)	NA	NA	NA	NA	NA	NA
	Sub Total B(2)	NA	NA	NA	NA	NA	NA
	Total Public Shareholding	NA	NA	NA	NA	NA	NA
	Shares held by custodians against which Depository receipts have been issued	NA	NA	NA	NA	NA	NA
	Grand Total (A)+(B)+(C)	NA	NA	NA	NA	NA	NA

For Zee Entertainment Enterprises Limited

S/d

M Lakshminarayanan
Chief Compliance Officer & Company Secretary

Mumbai, June 17, 2013

The financial summary of Zee Entertainment Enterprises Limited for the previous 3 years as per the audited statement of Accounts:

(Rs. in Millions)

Particulars	2012-13	2011-12	2010-11
Equity Paid up Capital	954	959	978
Reserves and surplus	32574	28992	28058
Carry forward losses	-	-	-
Net Worth	33528	29951	29036
Miscellaneous Expenditure	-	-	-
Secured Loans	24	17	11
Unsecured Loans	-	-	-
Fixed Assets	2329	1973	1556
Income from Operations	25659	22040	21700
Total Income	26848	23329	22310
Total Expenditure	17329	15991	14065
Profit before Tax	9519	7338	8442
Profit after Tax	6407	4897	5764
EPS	6.71	5.05	5.89
Book value	35.15	31.21	29.65

For **Zee Entertainment Enterprises Limited**

S/d

M. Lakshminarayanan
Chief Compliance Officer & Company Secretary

Mumbai, June 17, 2013

Compliance Report under Clause 49 of the Listing Agreement as at June 14, 2013

Name of the Company: Zee Entertainment Enterprises Limited			
Particulars	Clause of Listing Agreement	Compliance Status (Yes/No)	Remarks
I. Board of Directors	49 I		
(A) Composition of Board	49 (IA)	Yes	
(B) Non-executive Directors' Compensation & Disclosures	49 (IB)	Yes	
(C) Other Provisions as to Board and Committees	49 (IC)	Yes	
(D) Code of Conduct	49 (ID)	Yes	
II. Audit Committee	49 II		
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes	
(B) Meeting of Audit Committee	49 (IIB)	Yes	
(C) Powers of Audit Committee	49 (IIC)	Yes	
(D) Role of Audit Committee	49 (IID)	Yes	
(E) Review of Information by Audit Committee	49 (IIE)	Yes	Being reviewed quarterly
III. Subsidiary Companies	49 III	Yes	Being reviewed half yearly
IV. Disclosures	49 IV		
(A) Basis of Related Party Transactions	49 (IV A)	Yes	Placed along with quarterly results
(B) Disclosure of Accounting treatment	49 (IV B)	Yes	Will Form part of disclosures in the Annual Report
(C) Board Disclosures		Yes	
(D) Proceeds from Public Issues, Rights Issues, Preferential Issues etc	49 (IV D)	NA	No Capital Issue
(E) Remuneration of Directors	49 (IV D)	Yes	Will form part of disclosures in the Annual Report
(F) Management	49 (IV E)	Yes	
(G) Shareholders	49 (IV F)	Yes	
V. CEO/CFO Certification	49 (V)	Yes	
VI. Report of Corporate Governance	49 (VI)	Yes	
VII. Compliance	49 (VII)	Yes	

For **Zee Entertainment Enterprises Limited**

S/d

M. Lakshminarayanan
Chief Compliance Officer & Company Secretary

Mumbai, June 17, 2013

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CERTIFICATE

We, **MGB & Co**, Chartered Accountants are the statutory auditors of Zee Entertainment Enterprises Limited ('the Company') having its registered office situated at Continental Building, 135, Dr Annie Besant Road, Worli, Mumbai, Maharashtra 400018. We have verified the audited financial statements of the Company for the year ended 31 March, 2013.

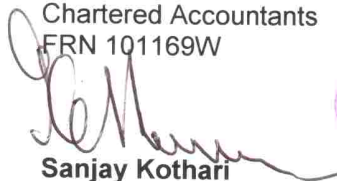
The Board of Directors of the Company at the meeting held on 14 June 2013 have approved a Scheme of Arrangement between Zee Entertainment Enterprises Limited and its Equity Shareholders ('the Scheme') to facilitate issuance of 6% Cumulative Redeemable Non-Convertible Preference Shares as Bonus to its Equity Shareholders of the Company.

We have examined the requirements of Clause 5.16 of the Circular No. CIR/CFD/DIL/5/2013 issued by SEBI on February 4, 2013 read with the clarification issued by SEBI vide Circular CIR/CFD/DIL/8/2013 dated May 21, 2013 as well as the Scheme of Arrangement between Zee Entertainment Enterprises Limited (ZEEL) and its Equity Shareholders.

Based on our examination and according to the information and explanation given to us and based on resolution passed by the Board of Directors of the Company on 14 June 2013, we confirm that the requirements stated in Clause 5.16(a) of the above circulars shall not be applicable to the aforementioned Scheme, since the Scheme does not envisage (i) any change in equity shareholding pattern of the Company; and (ii) any allotment of additional shares to Promoters / Promoter Group entities.

This certificate is issued at the request of the Company in accordance with the requirements of Clause 5.16(b) for onward submission to the stock exchanges and SEBI with a view to obtaining the no-objection as required under the above circulars.

For **MGB & Co**
Chartered Accountants
FRN 101169W



Sanjay Kothari
Partner
Membership No: 048215



Mumbai, 14 June 2013.