

## Zee Entertainment Enterprises Ltd

### Report of the Audit Committee to the Board of Directors

The Audit Committee at the Meeting held today has considered and reviewed a proposal by the Company for acquisition of 'Media Business Undertaking' of Diligent Media Corporation Limited (DMCL) – *inter-alia* comprising of event management operations and license for a non-news and current affairs television channel - by way of Demerger from DMCL and vesting with the Company under a Scheme of Arrangement under Section 391 to 394 and other applicable provisions of the Companies Act, 1956 ('the Scheme'). 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;
- ✓ tentative list of assets and liabilities which would vest with the Company consequent to the effectiveness of the Scheme; and
- ✓ copy of valuation report submitted by Independent Valuer, M/s. Sharp & Tannan, Chartered Accountant recommending share swap ratio;

The Audit Committee while noting that

- (i) the Appointed Date proposed in the draft Scheme of Arrangement is closing hours of March 31, 2014; and
- (ii) there shall not be any equity dilution by the Company;

reviewed the valuation report and presentation made by Independent Valuers M/s Sharp & Tannan, Chartered Accountants, Mumbai and noted the following share swap ratio as recommended by the Independent Valuer, for discharge of consideration payable by the Company towards demerger:

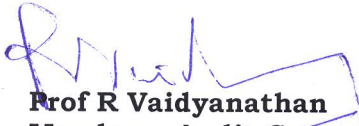
**"1 (One) Preference Share(s) of Re 1 each of the Company for every 4 (Four) Equity Shares of Rs. 10 each held in DMCL",**

which shall result in issuance of 22,273,886 Preference Shares of Re. 1 each by the Company to the shareholders of DMCL on the Effective Date."

Thereafter after detailed deliberation on the Scheme and the valuation report, the Audit Committee at the meeting held today had approved the 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 of Arrangement including SEBI Circular Ref No. CIR/CFD/DIL/5/2013 dated February 4, 2013 as amended vide Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, 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**



**Prof R Vaidyanathan**  
**Member - Audit Committee**  
**Zee Entertainment Enterprises Limited**

Mumbai, December 17, 2013