



Extraordinary Together

October 13, 2021

BSE Limited
The Listing Department
Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai 400 001
BSE Scrip Code Equity: 505537
Preference: 717503

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, Plot No. C/1,
G-Block, Bandra-Kurla Complex,
Bandra (E), Mumbai – 400 051
NSE Symbol: ZEEL EQ
: ZEELP2

Sub: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time

Dear Sirs,

This is further to our intimation dated October 12, 2021.

The Board took note of an open letter issued on 11 October 2021, by Mr. Justin M. Leverenz, the Chief Investment Officer of Invesco Developing Markets Equities, on behalf of Invesco Developing Markets Fund (formerly Invesco Oppenheimer Developing Markets Fund) and OFI Global China Fund LLC (collectively, **Invesco**) (**Open Letter**) and this is in response to the unjustified and incorrect comments made therein.

1. We are pleased to note that Invesco welcomes the announcement of the non-binding term sheet that was announced with Sony Pictures Networks India Private Limited (**Sony**) on 22 September 2021. We also appreciate Invesco's need for information to evaluate the proposed deal, however, all the principal terms in relation to the proposed deal agreed with Sony in the non-binding term sheet, have been disclosed by the Company on 22 September 2021. It was also disclosed that we are in the process of negotiating definitive agreements with Sony and will be approaching all the shareholders of the Company (including Invesco) for their approval as required under applicable law. All shareholders, including Invesco will get the opportunity to evaluate and consider the deal in full at that stage. In the meantime, we urge Invesco to stop publishing half truths about the proposed deal in the media and let the board of directors of the Company (**Board**) and the management work towards finalizing this deal (which is clearly for the benefit of all stakeholders).
2. In the Open Letter, Invesco has raised two specific concerns in relation to the proposed deal with Sony, which we have dealt with below:



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- (i) *Non-Compete Fee*: The deal with Sony contemplates the promoters of Sony becoming the majority shareholders of the merged company, and in order to ensure that they can build value in the merged company, Sony insisted that the erstwhile promoters of the Company do not engage in any competing business with the merged company. In lieu of such non-compete obligations being undertaken by the present promoter group, the promoters of Sony will be transferring approx. 2.11% shares in the merged company to the promoter group. We would like to highlight here that this will be a secondary transfer from the promoters of Sony (not a primary issuance) and, accordingly, will not be dilutive to any of the shareholders of the Company as it is a private arrangement between two shareholders. We disclosed this arrangement to all the shareholders with a view to be fully transparent and will seek their approval at the appropriate stage as is mandated by the existing applicable laws.

We were also informed by Mr. Punit Goenka, MD & CEO of the Company, that in February 2021, he was approached with another deal by Invesco, details and observations in relation to which, have been dealt with in our intimation dated October 12, 2021. We have been informed that in the deal proposed by Invesco, the promoter group of the Company was being offered 3.99% shareholding of the Merged Entity i.e. no dilution in the existing stake of the promoter group of the Company, and Mr. Goenka was further offered employee stock options (**ESOPs**) (with no vesting conditions), representing approx. 4% of the shareholding of the Merged Entity. Accordingly, the existing promoter group of the Company along with Mr. Goenka would have held up to 7-8% in the Merged Entity. As such, we believe that Invesco's stance in their Open Letter that they "*will firmly oppose any strategic deal structure that unfairly rewards select shareholders, such as the promoter family, at the expense of ordinary shareholders*", runs contrary to the very deal Invesco was itself proposing only a few months ago. By way of comparison, (a) the quantum of shareholding proposed to be transferred to the promoter group in the Sony Deal is substantially less (by as much as approx. 4%) than what was being proposed by Invesco in the deal brought by them; and (b) the transfer of approx. 2.11% shares by the promoters of Sony is a secondary transaction that will not be dilutive to any shareholder of the Company (since it involves a transfer of shares of the merged company from the promoters of Sony to the promoter group of the Company) – as opposed to ESOPs under the Invesco proposed deal, which would have been dilutive to all our shareholders.

- (ii) Increase of promoter group's stake to 20%: Invesco has raised concerns stating that "*the Zee-Sony announcement casually mentions that the Zee promoter family will have the right to raise their stake from 4% to 20%, without specifying any manner in which this meaningful change will actually happen*". Basis the information made available to the public the



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Board finds it difficult to ignore the manner in which Invesco has tried to alter the meaning of the terms disclosed as part of the Sony Deal and again gives us reason to believe that Invesco's actions are motivated by the events that transpired during February-April 2021 (please see our disclosure dated October 12, 2021 for details).

The public announcement released by the Company clearly states that *"the promoter family is free to increase its shareholding from the current ~4% to up to 20%, in a manner that is in accordance with applicable law"*, indicating that the promoter shareholding in the merged entity will be capped at 20%. There is no right provided to the promoters to increase their stake and, therefore, specifying the "manner" of such increase is irrelevant. To clarify further, any increase in stake of the promoters, if any, would take place in the manner and at prices that are permissible under applicable laws, if the promoters chose to increase their stake.

3. The Board notes that Invesco, in its Open Letter, has made references to the advisory letter issued by SEBI on 17 June 2021. We note that the Open Letter refers to the SEBI advisory letter as an *"extraordinary regulatory rebuke"* but has ignored the remaining observations in the letter whereby SEBI has acknowledged that the Company has undertaken corrective measures and has directed the Company to place these corrective measures before its audit committee.
4. Invesco and all the other shareholders of the Company have been well aware of all of the matters dealt with in the aforesaid advisory letter. In fact, Invesco has been working alongside the Company in taking and recommending corrective measures all along. We would again request all shareholders to review the Company's response to SEBI's advisory letter (as intimated to the stock exchanges) and enclosed herewith, which sufficiently deals with all the concerns being highlighted by Invesco.
5. We would also be remis in not pointing out that, despite Invesco being fully aware of all the above matters, Invesco chose to still vote in favour of the re-appointment of Mr. Punit Goenka as the MD and CEO of the Company, as recently as September 2020. In fact, we have been informed by Mr. Punit Goenka, that Invesco had also insisted on Mr. Punit Goenka being the MD and CEO of the merged entity, in the deal being proposed by Invesco a few months ago. All these facts and Invesco's silence as regards these issues in its own requisition notice, gives us reason to believe that Invesco's recent actions are inconsistent with their past behaviour, and have been undertaken as an afterthought, after various investors and analysts have sought to understand the rationale behind Invesco's actions of these past few weeks.
6. Invesco's lack of transparency is also borne out from the fact that, until the disclosure made by the Company to the stock exchanges on 12 October 2021



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in relation to the proposed deal brought by Invesco, Invesco did not disclose the fact that they were negotiating a deal on behalf of the Company without any authority, even while criticizing the Sony deal by way of the Open Letter. It is only after the Company's disclosure that Invesco has felt the need to reveal the name of the Strategic Group in a press statement and has further underplayed their role in negotiations of the proposed deal as being merely facilitative. We believe Invesco should internally consider their own conduct, including its legality under the laws applicable to Invesco, (which is grossly violative of accepted corporate governance norms) before raising governance concerns in relation to the Company.

We are dismayed, that in the Open Letter, Invesco has cast unsubstantiated aspersions on the management of the Company and has made comments in relation to the "*permissive culture*" of the Board. It would be worth noting here that 5 out of the 6 existing independent directors on the Board of the Company have been appointed after Invesco's investment in 2019 and that Invesco was consulted and their views were positively considered at the time of making such appointments. The profiles of all the existing independent directors are also enclosed – it is evident that all these directors are highly accomplished in their respective professions and are universally respected dignitaries. The Board has to take into account and act for the benefit, of the Company and all its stakeholders (and not just Invesco).

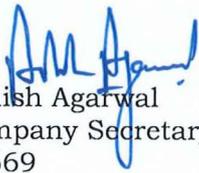
Accordingly, Invesco's actions of the past few weeks, open letters against the Company and the Board and their general lack of transparency, have given the Board reason to believe that their actions are motivated by concerns entirely extraneous to any corporate governance issue.

Lastly, as regards the issue on Invesco's statutory right to requisition a shareholders meeting, the matter (including in relation to the validity of the requisition notice) is sub-judice before the judicial forum and we have the utmost faith and respect for our country's judiciary. Unlike Invesco, we will refrain from commenting on the validity/ legality of Invesco's requisition while the matter continues to be sub-judice.

Thanking you,

Yours faithfully,

For **Zee Entertainment Enterprises Limited**


Ashish Agarwal
Company Secretary
F6669



Encl. : As Above

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July 30, 2021

The Listing Department

BSE Limited

Phiroze, Jeejeebhoy Towers, Dalal Street,
Fort, Mumbai 400001

BSE Scrip Code Equity: 505537

Preference: 717503

The Listing Department

National Stock Exchange of India Limited

Exchange Plaza, Bandra Kurla Complex

Bandra (East), Mumbai - 400 051

NSE Symbol: ZEEL EQ : ZEEL P2

Dear Sirs,

Reg: Advisory letter dated June 17, 2021, received from Securities Exchange Board of India ("SEBI")

We refer to the Advisory letter dated June 17, 2021, addressed by SEBI to Zee Entertainment Enterprises Limited ("**Company**"). As directed by SEBI, we are forwarding the aforesaid letter which is enclosed herewith.

The Company's Audit Committee and the Board of Directors in their meeting held on July 30, 2021, have taken note of the aforesaid letter and its observations/requirements.

We would like to state that the Company has been acting in accordance with the guiding principles laid down by the Board which include a disclosure-based regime ensuring highest standards of governance. The steps taken include a deeper review of facts by independent firms, seeking appropriate legal advice, strengthening controls and policies (including compliance with guidelines of Risk Management Committee and Audit Committee), monitoring and continuing efforts of recovery including through regular review of Action Taken Reports and ensuring adherence to appropriate accounting principles and procedures.

With regard to the advisory letter, the Company would like to submit the following, which are in consonance with the above governing principles:

- a. The Company has undertaken several steps with respect to recovery of overdues from related parties (including erstwhile related party) which *inter-alia* includes regular monitoring and enforcement of the definitive repayment plan, credit risk evaluation of the financial position of the debtors, moving to cash and carry basis where appropriate,



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adherence to prudent provisioning norms as disclosed in the audited financial statements, etc.

The outstanding dues have substantially reduced over the last year in accordance with the agreed payment plan submitted by an erstwhile related party. In the other related party various efforts are underway with the lenders/JV partners of the related party to ensure full recovery. The Audit committee and the Board of Directors of the Company continue to monitor and oversee the recovery of such outstanding dues through quarterly Action Taken Reports in the meetings.

- b. With regard to systems and processes on documentation of film advances, the matter was considered in the risk management committee meeting in May 2019, and comprehensive guidelines were approved which were implemented and are being consistently monitored thereafter.

Further, in October 2019, the Audit Committee and the Board mandated an independent audit firm Grant Thornton LLP ("GT") to review the systems and processes of film advances.

After conducting their review GT suggested certain further enhancement of controls which were implemented and have been consistently followed thereafter. The compliance of the same is part of the Internal Audit Plan.

- c. The GT report which covered film advances as well as related party transactions was placed before the Audit Committee on 14th June 2020 and the Board of Directors of the Company on 24th July 2020 along with the corrective action plan. The progress of implementation of various pending corrective actions have been reviewed regularly and a compilation of the same was placed before the Audit Committee and the Board today i.e. 30th July 2021.
- d. Inter Corporate Deposits and Debentures were placed with companies which were part of a reputed healthcare and financial services group. On account of deterioration of financial position of the borrower companies, and delay in recovery of payments, the company sought the assistance of related parties. The related parties assisted the Company in recovering the debentures. In view of their success the Company agreed to assign the ICD to them to improve chances of recoverability. Unfortunately, there are



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now delays in receiving payment from these related parties and therefore the Company has initiated arbitration proceedings for recovery of the amounts. The Board continues to monitor the progress and management is rigorously following up the same. However, adequate provision has been made in the accounts.

- e. The Board has instituted a formal policy that will require the management of the Company as well its subsidiaries to seek prior approval of the Board before issuing of letters of comfort or any document of such nature.

The interests of the shareholders are paramount for the Company, and it is committed to maintaining highest standards of governance and transparency.

This is for your information and record.

Yours faithfully,
for Zee Entertainment Enterprises Limited

A handwritten signature in blue ink, appearing to read 'Ashish Agrawal', is written over the typed name.

Ashish Agrawal
Company Secretary and Chief Compliance Officer
FCS6669



Encl: As Above

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Surabhi Gupta
General Manager
Compliance and Monitoring Division 2
Corporation Finance Department

**भारतीय प्रतिभूति
और विनिमय बोर्ड**
**Securities and Exchange
Board of India**

SEBI/CFD/CMD2/OW/12661/3/2021
June 17, 2021

1. **Board of Directors**
2. **Chairman of Audit Committee**
Zee Entertainment Enterprise Ltd
18th Floor - A Wing, Marathon Futurex,
N M Joshi Marg, Lower Parel,
Mumbai, Maharashtra, 400013

Kind Attn: Mr. Ashish Agarwal (Company Secretary & Compliance Officer)

Dear Sir,

Sub :- Advisory Letter

1. This has reference to resignation letters dated November 22, 2019 by directors Subodh Kumar and Neharika Vohra addressed to ZEE Entertainment Enterprise Ltd (the Company)
2. An examination by SEBI into the affairs of the Company has revealed various irregularities.
3. From various replies of the Company, findings of Grant Thornton in its Audit, letter dated October 15, 2019 by Unify Capital Pvt Ltd, minutes of board meeting of the Company dated October 17, 2019, Letters of comfort issued by Mr Subhash Chandra and Mr Puneet Goenka to Yes Bank and RBL Bank, it was inter-alia observed that
 - 3.1. Large outstanding dues from the related parties were continuing without any definitive recovery plan,
 - 3.2. Systems and processes with regard to documentation of advances required corrective action,
 - 3.3. Letters of comfort were issued by directors of the Company without informing the board, and
 - 3.4. Inter corporate deposits provided to Oscar Investments Ltd were assigned to related parties for recovery.
4. It has been observed that the above actions of the Company are not in the best interest of the shareholders and are in violation of various principles mentioned in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
5. In view of the above, you are hereby being cautioned to be careful in future and ensure strict compliance with the provisions of SEBI LODR Regulations.
6. You are hereby being advised to ensure the following
 - 6.1. Place before the Audit Committee and the Board in the upcoming meeting, the implementation of the corrective action with regards to observations of Grant Thornton in its Audit Report

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर. एस.), 26449000 / 40459000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.
Tel.: 2644 9950 / 4045 9950 (IVRS), 26449000 / 40459000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in



अनुवर्ती :
Continuation :

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और विनिमय बोर्ड
**Securities and Exchange
Board of India**

- 6.2. Ensure that Board of directors oversee recovery/streamlining of payments from the related parties in a time bound manner and make requisite disclosure to the stock exchanges in this regard along with corrective actions (including definitive timelines for repayment) taken in this regard. The issue may be placed in the next board meeting, and
- 6.3. Ensure that Board of directors oversee recovery of outstanding ICDs in a time bound manner and make requisite disclosures to stock exchanges in this regard along with corrective action and definitive timelines after taking it up in the upcoming board meeting.
7. You are also advised to place this letter before the Company's board of directors in the upcoming board meeting and to disseminate this letter to the stock exchange.
8. The stock exchange is advised to take note of the contents of the letter.

Yours faithfully,


Surabhi Gupta

CC:

BSE Ltd Phiroze Jeejabhoy Towers, Dalal Street, Mumbai – 400 001	NSE Ltd G Block, Bandra Kurla Complex, Bandra East Mumbai 400 051
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Profiles - Board of Directors, ZEEL

R. Gopalan,

Chairman.



Mr. R. Gopalan holds a Masters in Public Administration & Management degree from Harvard University, MA in Economics from Boston University and Bachelors degree in Chemistry from Madras University. He has a rich experience in economic and financial administration departments of the country with long stints in Ministry of Commerce as well as the Finance Ministry, as well as in Manufacturing and Services Sectors.

As an Officer of Indian Administrative Service (IAS), Mr. Gopalan held various responsible positions including Member - Public Enterprises Selection Board, Secretary - Department of Economic affairs, Secretary - Department of Financial Services, CMD - Tamil Nadu Newsprints and Papers Ltd, MD - Tidel Parks Ltd, MD - Tamil Nadu Agro Industries Corporation Ltd and Director - Department of Chemicals & Petrochemicals.

Adesh Kumar Gupta,

Independent Director.



Mr. Adesh Kumar Gupta is a Chartered Accountant, Company Secretary and graduate from Harvard University with rich experience of over 40 years in Corporate Strategy, M&A, Business restructuring, Fund raising, Taxation etc.

During his distinguished career of over 3 decades in Aditya Birla Group, Mr. Adesh Gupta held various senior positions (including Board positions) in companies in various fields including Indian Rayon, Birla Global Finance, Aditya Birla Nuvo Ltd and Grasim Industries Ltd.

He had also represented FICCI as a Member of NACAS (National Accounting and Auditing Standards) which was instrumental in setting up Accounting Standards in India.

Alicia Yi,

Independent Director.



Ms. Alicia Yi is B.A. in Economics from the Northwestern University, Evanston, Illinois and has completed her Executive Education, YPO Presidents Program, from Harvard Business School.

She has held a series of leadership roles working with top tier industry executives across consumer goods, retail, hospitality, travel, leisure, consumer health, media and entertainment. She is an active member of the Young President Organization (YPO): Global Learning Committee, Global Taskforce of Champion Lifecycle, Singapore Chapter Chair and Singapore Chapter Learning Officer.

Currently, she is the Vice Chair of Korn Ferry's Global Consumer Market based in Singapore.

Piyush Pandey,**Independent Director.**

Mr. Piyush Pandey, MA from St. Stephens College, Delhi and a Post Graduate in History from University of Delhi has a rich experience of over 37 years in the field of Advertising, all with Ogilvy India.

He is the only Indian to have won three Grand Prizes at the London International Advertising Awards. In 2016, he was awarded the Padma Shri in recognition of his distinguished service in the field of Advertising and Communication, the first Indian to be awarded in this field. He was awarded the Clio Lifetime Achievement Award in 2012 and the Lion of St. Mark, alongwith his brother Prasoon Pandey, at the Cannes International Festival of Creativity in 2018 – the first Asians to be given this recognition.

Apart for being the Whole Time Director of Ogilvy & Mather Private Limited, Mr. Pandey is a member on the Board of Directors, of D B Corp Limited, Pidilite Industries Limited, Eighty Two Point Five Communications Private Limited, Quintessentially Lifestyle Services (India) Private Limited and Brand David Communications Private Limited.

Sasha Mirchandani,**Independent Director.**

Sasha Mirchandani, a business administration graduate from Stayer University, Washington and MMDP at IIM-A, has over 25 years of experience in finance, technology and digital commerce in India. Mr. Mirchandani has worked with a wide spectrum of tech and digital commerce companies during their 0-1 phase and brings a detailed understanding of technology/digital products, their monetization approaches and scaling up companies to achieve global competitiveness.

His marquee successes have been Fractal Analytics, InMobi, Myntra, 1Mg, Healthkart, Zetwerk and he has worked with these companies to help them build a strong international presence and compete successfully in global markets.

He serves on the Boards of Hathway Cable and Datacom Limited, Nazara Technologies Limited, Healthkart, Kae Capital Management Private Limited, Algorhythm Tech Private Limited among others.

Vivek Mehra,**Independent Director.**

Mr. Vivek Mehra has over 40 years of professional consulting experience in tax & regulatory practice.

He has been instrumental in helping with several policy initiatives with regulatory authorities like Foreign Investment Promotion Board, Reserve Bank of India, SEBI, Tax authorities and various Central Government Ministries. He was on the FICCI Steering Committee and National Executive Committee and had provided valuable contribution to the Federation of Indian Chambers of Commerce and Industry.

He worked at PricewaterhouseCoopers, India (PWC) for almost two decades. During his tenure in PWC, he founded and headed the Regulatory and M&A tax practices and was elected to the Governance Oversight Board of PWC for 2 terms.

Mr. Mehra is a Director on the Boards of HT Media Limited, Chambal Fertilizers and Chemicals Limited, Jubilant Life Sciences Limited, Havells India Limited, Digicontent Limited, DLF Limited, among others.