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THE WORLD IS MY FAMILY

ZEE ENTERTAINMENT ENTERPRISES LIMITED

Regd. Office: Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018

Tel:- 91-22-24831234 **Fax:-** 91-22-24955974

CIN: L92132MH1982PLC028767 **Website:** www.zeetelevision.com

COURT CONVENED MEETING OF THE PREFERENCE SHAREHOLDERS

Day	Wednesday
Date	June 4, 2014
Time	12.30 P.M. or immediately after conclusion of meeting of Equity Shareholders, which ever is earlier
Venue	Nehru Auditorium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018

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**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 258 OF 2014**

In the matter of the Companies Act, 1956 (1 of 1956) (or re-enactment thereof upon effectiveness of Companies Act, 2013);

AND

In the matter of Sections 391 to 394 read with Section 78 (corresponding provisions u/s 52 of Companies Act, 2013) and 100 to 104 of the Companies Act, 1956 (or any corresponding provisions of Companies Act, 2013 as may be notified);

AND

In the matter of Scheme of Arrangement

BETWEEN

Diligent Media Corporation Limited ("the Demerged Company" or "DMCL")

AND

Zee Entertainment Enterprises Limited ("the Resulting Company" or "ZEEL")

AND

their respective shareholders and creditors

ZEE ENTERTAINMENT ENTERPRISES LIMITED,)
a company incorporated under the provisions)
of the Companies Act, 1956 and having its)
registered office at Continental Building, 135,)
Dr. Annie Besant Road, Worli, Mumbai – 400 018,)
Maharashtra.)

.....Applicant Company

**NOTICE CONVENING THE MEETING OF PREFERENCE SHAREHOLDERS OF ZEE ENTERTAINMENT
ENTERPRISES LIMITED, THE APPLICANT COMPANY**

To,

The Preference Shareholders of Zee Entertainment Enterprises Limited ("the Applicant Company" / "Company"),

TAKE NOTICE that by an Order made on 2nd day of May 2014, in the above Company Summons for Direction No. 258 of 2014, the Hon'ble High Court of Judicature at Bombay has directed that a meeting of the Preference Shareholders of Zee Entertainment Enterprises Limited, the Applicant Company, be convened and held at Nehru Auditorium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018, on Wednesday, 4th day of June 2014 at 12.30 p.m. or immediately after conclusion of meeting of Equity Shareholders, whichever is earlier, for the purpose of considering and, if thought fit, approving with or without modification(s), the proposed Scheme of Arrangement between Diligent Media Corporation Limited and Zee Entertainment Enterprises Limited and their respective shareholders and creditors ('the Scheme' or 'this Scheme').

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the Preference Shareholders of Zee Entertainment Enterprises Limited, the Applicant Company will be convened and held at Nehru Auditorium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018, on Wednesday, 4th day of June 2014 at 12.30 p.m. or immediately after conclusion of meeting of Equity Shareholders, whichever is earlier, at which place, day, date and time you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the Registered Office of the Applicant Company at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018 not later than 48 hours before the time of the aforesaid meeting.

The Hon'ble High Court of Bombay has appointed Mr. Subhash Chandra, Non-Executive Chairman of the Applicant Company, and failing him, Mr. Punit Goenka, Managing Director & Chief Executive Officer of the Applicant Company, and failing him, Mr. Ashok Kurien, Director of the Applicant Company, to be the Chairman of the said meeting.

A copy of the Explanatory Statement under Section 393 of the Companies Act, 1956, the Scheme of Arrangement, Complaints Report, Observation Letters issued by the Stock Exchanges, Form of Proxy and Attendance Slip are enclosed.

S/d
Subhash Chandra
Chairman appointed for the meeting

Mumbai, dated this 7th day of May 2014

Registered office:

Continental Building,
135, Dr. Annie Besant Road,
Worli, Mumbai – 400 018

Notes:

1. Alterations, if any, made in the Form of Proxy should be initialed.
2. Only registered Preference shareholders of the Applicant Company may attend and vote (either in person or by proxy or by authorised representative under applicable provisions of the Companies Act) at the Preference Shareholders meeting. The authorised representative of a body corporate which is a registered Preference shareholder of the Applicant Company may attend and vote at the Preference shareholders meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorising such representative to attend and vote at the Preference shareholders meeting is deposited at the registered office of the Applicant Company not later than 48 hours before the meeting.
3. Foreign Institutional Investors (FIIs) who are registered Preference shareholders of the Applicant Company would be required to deposit certified copies of custodial resolutions/power of attorney, as the case may be, authorizing the individuals named therein, to attend and vote at the meeting on its /their behalf. These documents must be deposited at the registered office of the Applicant Company not later than 48 hours before the meeting.
4. The proxy need not be a Preference Shareholders of the Applicant Company
5. Preference Shareholders are informed that in case of joint holders attending the meeting, only the joint holder whose name stands first in the Register of Preference Shareholders of the Applicant Company in respect of such joint holding will be entitled to vote.

Encl.: As above

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
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AND

In the matter of Sections 391 to 394 read with Section 78 (corresponding provisions u/s 52 of Companies Act, 2013) and 100 to 104 of the Companies Act, 1956 (or any corresponding provisions of Companies Act, 2013 as may be notified);

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a company incorporated under the provisions)
of the Companies Act, 1956 and having its)
registered office at Continental Building, 135,)
Dr. Annie Besant Road, Worli, Mumbai – 400 018,)
Maharashtra.)

.....Applicant Company

EXPLANATORY STATEMENT PURSUANT TO SECTION 393 OF THE COMPANIES ACT, 1956

1. Pursuant to an Order passed by the Hon'ble High Court of Judicature at Bombay on 2nd day of May 2014 in the Company Summons for Direction No. 258 of 2014, the Hon'ble High Court of Judicature at Bombay had directed that a meeting of the Preference Shareholders of Zee Entertainment Enterprises Limited, the Applicant Company be convened and held at Nehru Auditorium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 on Wednesday, 4th day of June 2014 at 12.30 p.m. or immediately after conclusion of meeting of Equity Shareholder, whichever is earlier, for the purpose of considering and if thought fit, approving with or without modification(s), the proposed Scheme of Arrangement between Diligent Media Corporation Limited ("the Demerged Company" or "DMCL") and Zee Entertainment Enterprises Limited ("the Resulting Company" or "ZEEL") and their respective shareholders and creditors ('the Scheme' or 'this Scheme').
2. In this statement **Diligent Media Corporation Limited** is referred to as "DMCL" or the "Demerged Company" and **Zee Entertainment Enterprises Limited** is referred to as "ZEEL" or the "Applicant Company" or the "Resulting Company". The other definitions contained in the Scheme of Arrangement between the Demerged Company and Resulting Company and their respective shareholders and creditors shall apply to this Explanatory statement also.
3. A copy of the Scheme of Arrangement between DMCL and ZEEL setting out in detail the terms and conditions of the Demerger which has been approved by Board of Directors of the Applicant Company at the meeting held on 17th day of December 2013 is attached to, and forms part of, this Explanatory Statement.

4. Background:

Zee Entertainment Enterprises Limited

- 4.1 The Applicant Company was originally incorporated on 25th day of November, 1982 under the provisions of the Companies Act, 1956 under the name "Empire Holdings Limited." Subsequently, the name of the company changed to "Zee Telefilms Limited" on 8th day of September, 1992 and thereafter to its current name i.e. "Zee Entertainment Enterprises Limited" on the 10th day of January, 2007. The Corporate Identity No of the Company is L92132MH1982PLC028767.
- 4.2 The Registered Office of the Applicant Company is situated at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018.
- 4.3 The authorised, issued, subscribed and paid-up share capital of the Applicant Company as on 31st March 2013 was as under:

Particulars	Amount in Rs.
Authorised Share Capital	
139,92,00,000 Equity Shares of Re. 1 each	139,92,00,000
Total	139,92,00,000
Issued, Subscribed and Paid-up Share Capital	
95,39,57,720 Equity Shares of Re. 1 each fully paid up	95,39,57,720
Total	95,39,57,720

The Applicant 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 2010. 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 31st March 2013. Subsequent to 31st March 2013, out of these options as on date of this Notice 64,91,000 Options got exercised upon which the Company has issued and allotted 64,91,000 Equity Shares of Re 1 each, resulting in the increase in paid-up share capital of the Company to Rs. 96,04,48,720 comprising of 96,04,48,720 Equity Shares of Re. 1 each.

Further in pursuance to a Scheme of Arrangement between the Company and its Equity Shareholders approved by Hon'ble Bombay High Court vide order passed on 20th day of December 2013, the Applicant Company had subsequently issued and allotted 2016,94,23,120 - 6% Cumulative Redeemable Non Convertible Preference Shares of Re.1 each by way of bonus to its Equity Shareholders. Consequently the Authorised and Issued, Subscribed and Paid-up Capital of the Company as on date is as under:

Share Capital	Amount in Rs.
Authorised Share Capital	
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
Issued, Subscribed & Paid-up Share Capital	
96,04,48,720 Equity Shares of Re. 1 each fully paid up	96,04,48,720
2016,94,23,120 – 6% Cumulative Redeemable Non Convertible Preference Shares of Re. 1 each	2016,94,23,120
Total	2112,98,71,840

4.4. The main objects of ZEEL as set out in its Memorandum of Association are briefly as under: -

The objects for which the Company is established are:

MAIN OBJECTS OF THE COMPANY TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION:

- "To invest the capital and other moneys of the Company in the purchase or upon the security of shares, stocks, debentures, debentures stock, bonds, mortgages, obligations, estates, buildings, land, business, manufacturing concerns and Securities carrying on business in shares, stocks, debentures, debenture stocks, bonds, mortgages, obligations, estates, building, land, business, manufacturing concerns and securities carrying on business in shares, stocks, debenture stocks, bonds, mortgages, obligations and other securities of Commissioners, Trust, Municipal or Local Authority, Government, corporation, companies and to carry on the business of Underwriters, film financing, hire purchase financing, and to carry on business of financing industrial enterprises, trade and business to carry on the business of leasing Company.*
2. *To borrow, advance, deposit or lend moneys, securities and property from, to or with such persons and on such terms as may seem expedient, to discount, buy, sell and deal in bills, notes, warrants, coupons, import entitlements and other negotiable or transferable securities or documents, to guarantee or become liable for the payment of money or for the performance of obligations, and generally to transact guarantees and/or Trust business, Provided the Company shall not carry on Banking business as defined by Banking Regulation Act, 1949 and subject to the provisions of the Act and directives of Reserve Bank of India.*
- 2(A). *To manufacture, buy, sell, import, export, hire, take on lease, to exhibit, distribute and to deal in any other manner in films both of own manufacture other manufacture including Indian or Foreign, in India or elsewhere outside India and also to engage agents or representatives for the above or any other purposes of the company and to remunerate such agents, representatives and Cinematographic films and pictures and to engage Directors, Dialogue and Scenario writers Films Editors, Story writers and other persons, Technicians, Engineers, Sound Experts, Cameraman, Musicians, Art Directors, Artists, Painters, Carpenters and other experts necessary for conducting the business of the Company and to pay and remunerate persons so engaged.*
- (B). *To undertake, manage and otherwise engage in the business of Telecommunication, Telecasting, Broadcasting through Satellite, Terrestrial, Cable, Airborne, by hiring, taking on lease, purchase of transponders, Transmitters, microwaves, time slots or such modern means in India and abroad.*
- i. *To buy, sell, procure, commission films and entertainment Software (Programmes) for their exhibition, distribution and dissemination on TV channels, be it satellite TV channels or terrestrial TV channels or cable channels or through DTH through Pay channels using existing and/or emerging technologies, including distribution via internet, or webcasting or exhibition in cinema and/or video theatres in all forms, be it as analogue signals or digital signals or through sale of physical material like cassettes including audio cassettes, video cassettes, digital video discs, CD ROM's etc"*
- 4.5. ZEEL is engaged 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.

Diligent Media Corporation Limited

- 4.6. The Demerged Company was incorporated on the 17th February 2005 under the provisions of Companies Act, 1956, in the name and style of "Diligent Media Corporation Limited". The Corporate Identity No. of the Demerged Company is U22120MH2005PLC151377.
- 4.7. The Registered Office of DMCL is situated at 11th floor, Tower-3, India Bulls Finance Centre, Senapati Bapat Marg, Elphinstone Road (West), Mumbai - 400013, Maharashtra.

- 4.8 The authorized, issued, subscribed and paid-up share capital of DMCL as on 31st March 2013 was as under:

Particulars	Amount in Rs.
Authorised Share Capital	
15,35,00,000 Equity Shares of Rs. 10/- each	1,53,50,00,000
Total	1,53,50,00,000
Issued, Subscribed and Paid-up Share Capital	
8,90,95,542 Equity Shares of Rs. 10/- each fully paid up	89,09,55,420
Total	89,09,55,420

Subsequent to 31st March 2013 there has been no change in the share capital structure of DMCL. The share application money pending allotment will not be converted into equity share capital until this Scheme of Arrangement is made effective.

- 4.9. The main objects of DMCL as set out in its Memorandum of Association are briefly as under: -

"III. The objects for which the Company is established are:

MAIN OBJECTS OF THE COMPANY TO BE PURSUED BY THE COMPANY ARE:

1. *To carry on business to print, publish or otherwise carry on the business of publishing and distribution of newspapers, magazines, bulletins, periodicals, journals, general books, technical books, children's books, low priced paper books, text books and other literary works and undertaking catering to various interest pertaining to political, social, cultural, moral, commerce, industry and trade, medical, entertainment, agriculture, banking, law, insurance and other subjects.*
 - 1A. *To engage in the production, commissioning, acquisition of copyrights of films, entertainment programmes, music, video, entertainment events, game shows, talk shows and to deal in such properties, whether in India or overseas for all kinds of exhibition and commercial exploitation of such rights, be it on satellite TV channels or cable pay channel or pay channel or through DTH through pay channels, or through web casting, or any such other new and emerging mode of distribution.*
 - 1B. *To undertake, manage and otherwise engage in the business of Telecasting, Broadcasting through Satellite Terrestrial cable, airborne by hiring, taking on lease, purchase of transponders, Transmitters, microwaves, time slots and such other modern means in India and abroad"*
- 4.10 DMCL is primarily engaged into two businesses i.e. (a) publishing of Daily News & Analysis (DNA), an English daily newspaper circulated in major metros in India and (b) the media business undertaking which conducts various events on empowerment of women, education, automobiles, real estate, etc. The media business undertaking also comprises of a license of a Non-News television channel and certain registered Intellectual Properties for television formats of various gaming based shows.

5. Description and Rationale for the Transaction

Description

- 5.1 The proposed Scheme envisages demerger of Media Business Undertaking from DMCL vesting with ZEEL on a going concern basis and in consideration thereof issuance of Preference shares by ZEEL to the Equity Shareholders of DMCL under Section 391 to 394 read with Section 78 (corresponding provisions of Section 52 of the Companies Act, 2013) and Sections 100 to 104 of the Companies Act, 1956 (or any corresponding provisions of Companies Act, 2013) with effect from the Appointed Date i.e. closing hours of business on 31st day of March 2014 ("the Appointed Date"),

Rationale:

- 5.1 Events form an important and integral part of every television channel and there has been increasing trend in the nature of events interspersed with staple programming (soaps). These events, besides providing likeable low cost contents, act as catalyst for reinforcing connect with viewers and advertisers both on the ground as well as on the air.
- 5.2 The Resulting Company being a major player in the Media and entertainment space is planning to give an impetus to its events management capabilities and could benefit from the Media Business Undertaking of DMCL, which revolve around various events on empowerment of women, education, automobiles, real estate etc. The Resulting Company may also benefit from a license for a non news and current affairs television channel currently vested with DMCL and certain registered Intellectual Properties for television formats of various gaming based shows owned by DMCL.
- 5.3 In light of the above, it is proposed that the Media Business Undertaking of DMCL is consolidated with the Resulting Company by way of demerger from DMCL and vesting into the Resulting Company pursuant to the Scheme of Arrangement between DMCL and ZEEL and their respective shareholders and creditors under Section 394 of the Companies Act, 1956.
- 5.4 The proposed demerger is expected to be beneficial to both DMCL and ZEEL and their respective shareholders, creditors and all other stakeholders and will enable DMCL and ZEEL to achieve and fulfill their objectives more efficiently and economically.

4. The salient features of the Scheme are as follows:

- 4.1 The Appointed Date for the proposed Scheme of Arrangement shall be closing hours of business on 31st day of March, 2014 or such other date as may be fixed or approved by the High Court of Judicature at Bombay and shall be effective from the last of the dates on which the certified copy of the Order of the High Court of Judicature at Bombay sanctioning the Scheme of Arrangement is filed by DMCL and ZEEL with the Registrar of Companies, Mumbai, Maharashtra.
- 4.2 "Media Business Undertaking" or "Media Business" means any and all assets and liabilities of, appertaining or relating to, the event management activities of DMCL on the Appointed Date. Without limiting the generality of the foregoing, such undertaking shall include but not limited to all assets (movable or immovable, tangible or intangible), license for a non news and current affairs television channel including any rights attached thereto, broadcasting rights, programming rights, telecasting rights or any other right of similar nature, records, the copyrights, licenses, deferred tax asset, tax credits (including service tax credit), the liabilities and obligations. It shall also include any personnel, intellectual property rights including rights registered for television formats of gaming based shows, or such other rights or tangible or intangible properties belonging to, or forming part of, or attached or appertaining to, or attributable to the division identified as the Media Business of DMCL.

For the purpose of the proposed Scheme, it is clarified that liabilities pertaining to the Media Business of DMCL shall include:

- (a) Liabilities, which arise out of the activities or operations of the Media Business of DMCL.
- (b) Specific loans and/or other financing facilities raised, incurred and / or utilized solely for the activities or operations of the Media Business of DMCL.
- (c) Liabilities other than those referred to in Sub-Clauses (a) and (b) above, and not directly relatable to the remaining business of DMCL, being the amounts of general or multipurpose borrowings of DMCL, allocated to the Media Business of DMCL in the same proportion which the value of the assets transferred bears to the total value of the assets of DMCL immediately before giving effect to the proposed Scheme.

- (i) All permanent employees of DMCL employed in and / or relatable to the Media Business of DMCL as on the Effective Date; and
 - (ii) Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Media Business of DMCL or whether it arises out of the activities or operations of the Media Business of DMCL or otherwise shall be decided by mutual agreement between the Board of Directors of DMCL and ZEEL.
- 6.3 "Remaining Business of DMCL" means all the undertakings, businesses, activities and operations of DMCL other than Media Business of DMCL and specifically including the publishing business.
- 6.4 With effect from the Appointed Date, the whole of the undertaking, assets and liabilities of the Media Business Undertaking of DMCL as defined shall stand transferred to and vested in and / or deemed to be transferred to and vested in ZEEL so as to vest in ZEEL all rights, title and interest pertaining to the Media Business undertaking.
- 6.5 Upon coming into effect of the Scheme, in consideration of demerger of Media Business of DMCL with ZEEL, the Equity Shareholders of DMCL as on Effective Date will be issued and allotted.
- "1 (One) fully paid Preference Share of Re. 1 (Rupee One) each of ZEEL for every 4 (Four) Equity Shares of Rs. 10/- (Rupees Ten) each held in DMCL, which shall result in issuance of 2,22,73,886 Preference Shares of Re. 1 each by ZEEL to shareholders of DMCL"**
- 6.6 No coupons shall be issued in respect of fractional entitlements, if any, by ZEEL, to the Equity Shareholders of DMCL at the time of issue and allotment of Preference Shares as mentioned above. In case any equity shareholder's holding in DMCL is such that the said shareholder becomes entitled, to a fraction of Preference Share of ZEEL, ZEEL shall at its discretion round off the said entitlement to the nearest integer and allot Preference Shares accordingly.
- 6.7 The Preference shares specified above shall be issued and allotted on the terms and conditions set out in Schedule I to the Scheme .
- 6.8 The Preference Shares to be issued to the Equity Shareholders of DMCL pursuant to this Scheme will not be listed on any of the stock exchanges in India, unless required under any regulations and/or the listing guidelines.

Accounting Treatment in the books of ZEEL

- 6.9 ZEEL shall record the assets and liabilities, pertaining to the Media Business, at the respective book values as on the Appointed Date.
- 6.10 ZEEL shall credit to its share capital account, the aggregate face value of the Preference Shares issued by it.
- 6.11 Surplus if any, arising out of the excess of net assets of the Media Business vested with and recorded by ZEEL in terms of Clause 6.9 above, over the amount credited as share capital, shall be credited to General Reserve Account. The deficit, if any, shall be debited to General Reserve Account.

Accounting Treatment in the books of DMCL

- 6.12 Upon the Scheme becoming effective, DMCL shall reduce the book value of assets and liabilities pertaining to the Media Business.
- 6.13 The difference between the amount of assets and liabilities so transferred to ZEEL shall be adjusted against Securities Premium Account of DMCL.

- 6.14 To the extent the balance in Securities Premium Account is adjusted as per clause 6.13 above, there shall be reduction of Securities Premium Account which shall be effected as an integral part of the Scheme itself in accordance with the provisions of Section 52 of Companies Act, 2013 (corresponding to Section 78 of the Companies Act, 1956) and Sections 100 to 104 of the Companies Act, 1956 (or any corresponding provisions of Companies Act, 2013 as may be notified), however, as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital, the provisions of Section 101 of the Companies Act, 1956 are not applicable. Therefore any order under Section 102 of the Companies Act, 1956 confirming the reduction shall not be required.
- 6.15 All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne by ZEEL.
- 6.16 The Scheme is conditional upon and subject to:
- i. The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.
 - ii. The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of DMCL and ZEEL as may be directed by the Hon'ble High Court of Judicature at Bombay or any other competent authority, as may be applicable.
 - iii. The approval by the requisite majority of such members of ZEEL as required under the listing agreements entered in to by ZEEL with the Stock Exchanges or / SEBI Guidelines / Regulations;
 - iv. The Scheme being sanctioned by the High Court of Judicature at Bombay or any other authority under Sections 391 to 394 of the Act.
 - v. Certified copy of the Order of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra, at Mumbai by DMCL and ZEEL.
- 6.17 In the event of any of the said sanctions and approvals referred to above not being obtained and / or the Scheme not being sanctioned by the High Court or such other competent authority and / or the order or orders not being passed as aforesaid before September 30, 2014 or such other date as may be agreed by the respective Board of Directors of DMCL and ZEEL may determine, the Scheme shall become null and void, and each party shall bear and pay their respective costs, charges and expenses in connection with the proposed Scheme.

The features set out above being only the salient features of the Scheme of Arrangement, the Preference Shareholders are requested to read the entire text of the Scheme annexed hereto to get fully acquainted with the provisions thereof.

- 7 The proposed Scheme of Arrangement was approved by the Board of Directors of the Applicant Company at the meeting held on December 17, 2013 after considering the recommendations of the Audit Committee, Valuation Report dated December 16, 2013 issued by independent valuers M/s. Sharp & Tannan, Chartered Accountants and Fairness Opinion dated December 17, 2013 of an independent Merchant Banker, M/s. Axis Capital Ltd.
- 8 Pursuant to the Scheme, 2,22,73,886 Preference Shares of Re. 1 each of ZEEL shall be issued and allotted to the Equity Shareholders of DMCL. The said Preference Shares proposed to be allotted to the Equity shareholders of DMCL shall not be listed on any Stock Exchanges and shall be issued as per terms stated in the Annexure to the Scheme, which are not similar to the terms of existing 6% Cumulative Redeemable Non-Convertible Preference Shareholders. In view of this there would not be any change in the Preference Shareholding Pattern of the existing Preference Shareholders, Pre and Post the Arrangement. The Preference Shareholding Pattern of 6% Cumulative Redeemable Non-Convertible Preference Shares of Re. 1 each of the Company Pre and Post Arrangement based on Preference Shareholding pattern as at March 31, 2014 is given below:

Sr	Category of Shareholders	Pre & Post Arrangement	
		No of Preference Shares	% of Shareholding
(A)	Shareholding of Promoter and Promoter Group		
(1)	Indian Promoters		
	Bodies Corporate	5,06,94,71,568	25.13
	Sub-total (1)	5,06,94,71,568	25.13
(2)	Foreign Promoters		
	Bodies Corporate	3,51,76,02,884	17.44
	Sub-total (2)	3,51,76,02,884	17.44
	Total(1+2) (A)	8,58,70,74,452	42.57
(B)	Public Shareholding		
(1)	Institutions		
	Mutual Funds/UTI	59,46,68,324	2.95
	Financial Institutions/Banks	11,68,356	0.01
	Insurance Companies	34,65,000	0.02
	Foreign Institutional Investors	8,96,76,75,994	44.46
	Sub-Total (1)	9,56,69,77,674	47.43
(2)	Non – Institutions		
	Bodies Corporate	1,21,57,58,242	6.03
	Individuals		
	Individuals holding share upto Rs. 1 lakh in nominal value	28,89,13,091	1.43
	Individuals holding share in excess of Rs. 1 lakh in nominal value	40,83,95,578	2.02
	Qualified Foreign Investor	2,625	0.00
	Any others (Specify)		
	Foreign Corporate Bodies	19,72,992	0.01
	Overseas Corporate Body	7,10,598	0.00
	Foreign National	77,490	0.00
	NRI	56,722,218	0.28
	Trusts	4,28,18,160	0.21
	Sub-Total (2)	2,01,53,70,994	9.99
	Total (1+2) (B)	11,58,23,48,668	57.43
	Total (A+B)	20,16,94,23,120	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0
1	Promoter and Promoter Group	0	0
2	Public	0	0
	Total (C)	0	0
	TOTAL (A+B+C)	20,16,94,23,120	100

- 9 In terms of Clause 24(f) of the Listing Agreement with Stock Exchanges, ZEEL has received communications dated March 25, 2014 from BSE Limited and National Stock Exchange of India Limited, respectively conveying their no objection to the Scheme. The Company has also complied with the requirements set out in such No-objection letters issued by the Stock Exchanges.
- 10 On the Scheme being approved at the Court Convened Meeting by the Preference Shareholders, the Demerged Company and Resulting Company will seek the sanction of the Hon'ble Bombay High Court to the Scheme.
- 11 The rights and interests of the creditors of the Applicant Company will not be prejudicially affected by the Scheme, as the Applicant Company post the Scheme will be able to meet its liabilities as they arise in the ordinary course of business. Further, the rights and interests of the shareholders and creditors of the Applicant Company will not be prejudicially affected by the Scheme as no sacrifice or waiver is, at all, called from them nor are their rights sought to be modified in any manner.
- 12 No investigation proceedings or are pending against ZEEL under Sections 235 to 251 of the Companies Act, 1956 (or corresponding provisions of Companies Act, 2013),
- 13 No winding up petitions have been pending and/or admitted against ZEEL.
- 14 The Directors and Key Managerial Personnel of the Applicant Company & the Demerged Company may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in the respective companies or to the extent said directors are common directors in the Companies or to the extent said directors are the partners, directors, members of the Companies, firms, association of persons, bodies corporate and/or beneficiary of trust that hold shares in any of the companies or to the extent they may be allotted Preference shares in ZEEL as a result of the Scheme. Save as aforesaid, none of the Directors and Key Managerial Personnel of the Applicant Company have any material interest in the proposed Scheme.
- 15 The extent of the shareholding of the Directors and Key Managerial Personnel of ZEEL, in ZEEL and DMCL either singly or jointly or as nominee as on 2nd May 2014 is as under:

Name Directors and Key Managerial Personnel of ZEEL	Designation	Shares held in Zeel		Equity shares held in DMCL
		Equity	Preference	
Mr. Subhash Chandra	Non-Executive Chairman	-	-	-
Mr. Subodh Kumar	Executive Vice Chairman	-	-	-
Mr. Punit Goenka	Managing Director & Chief Executive Officer	-	-	10*
Mr. Ashok Kurien	Non-Executive Director	-	-	-
Prof. R Vaidyanathan	Independent Director	20,000	4,20,000	-
Lord Gulam Noon	Independent Director	40,000	8,40,000	-
Prof Sunil Sharma	Independent Director	-	-	-
Prof Neharika Vohra	Independent Director	-	-	-
Mr. Mihir Modi	Chief Financial Officer	-	-	-
Mr. M Lakshminarayanan	Company Secretary	-	-	-

* Held as 2nd Joint Holder with the Holding Company of DMCL

- 16 The extent of the shareholding of the Directors and Key Managerial Personnel of DMCL, in DMCL and ZEEL either singly or jointly or as nominee as on 2nd May 2014 is as under:

Name of the Director and Key Managerial Personnel of DMCL	Designation	Equity shares held in DMCL	Equity shares held in Zeel	
			Equity	Preference
Amit Goenka	Non-Executive Director	-	-	-
Himanshu Mody	Non-Executive Director	10*	61,900	5,30,327
Mukund Galgali	Non-Executive Director	-	-	-
Deepak Rathi	Manager	-	-	-

* Held as 2nd Joint Holder with the Holding Company of DMCL

INSPECTION

- 17 The following documents will be kept open for inspection at the Registered Office of the Applicant Company on all working days (except Saturdays, Sundays and Public holidays) between 11:00 am and 1:00 pm upto one day prior to the date of the meeting:
- Memorandum and Articles of Association of the Demerged Company and Resulting Company;
 - Scheme of Arrangement;
 - The Audited Financial Statements of the Resulting Company for last three financial years ended 31st March 2013, 31st March 2012 and 31st March 2011;
 - The Audited Financial Statements of the Demerged Company as on 31st March 2013 and 30th September 2013;
 - Certified copy of the Order dated 2nd day of May 2014 passed by the Hon'ble High Court of Judicature at Bombay in Company Summons for Direction No. 258 of 2014 for the Resulting Company;
 - Copy of the resolutions passed by the Board of Directors of the Resulting Company and Demerged Company approving the Scheme;
 - Copy of the no objection / observation letters relating to the Scheme issued by BSE Limited and National Stock Exchange of India Limited respectively on 25th March 2014;
 - Complaints Report dated 21st January 2014 relating to the Scheme submitted by the Applicant Company to BSE and NSE;
 - Copy of Networth Certificate dated 19th December 2013 issued by M/s Manish P. Jain & Associates, Mumbai certifying the Networth of ZEEL based on audited financial statement as on 31st March 2013, pre and post Arrangement;
 - Copy of the Valuation Report dated 16th December 2013 issued by M/s. Sharp & Tannan, Chartered Accountants, Mumbai recommending share exchange ratio; and
 - Copy of the Fairness Opinion dated 17th December 2013 issued by Category I Merchant Banker, Axis Capital Limited on share exchange ratio.

This Statement may be treated as an Explanatory Statement under Section 393 of the Companies Act, 1956. A copy of the Scheme, Explanatory Statement and Form of Proxy may be obtained from the Registered Office of the Applicant Company and/or at the Office of its Advocates – M/s. Hemant Sethi & Co., 1602, Nav Parmanu, Behind Amar Cinema, Chembur, Mumbai 400 071.

S/d
Subhash Chandra
Chairman appointed for the meeting

Mumbai, dated this 7th day of May, 2014

Registered office:
Continental Building,
135, Dr. Annie Besant Road,
Worli, Mumbai – 400 018.

**SCHEME OF ARRANGEMENT
BETWEEN
DILIGENT MEDIA CORPORATION LIMITEDTHE DEMERGED COMPANY
AND
ZEE ENTERTAINMENT ENTERPRISES LIMITEDTHE RESULTING COMPANY
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

(A) PREAMBLE

This Scheme of Arrangement ('the Scheme') is presented under Sections 391 to 394 read with Section 78 and Sections 100 to 104 and other applicable provisions of the Companies Act, 1956 and any corresponding provisions of the Companies Act, 2013 upon their notification (including any statutory modifications(s) or re-enactment(s) thereof for the time being in force) applicable to arrangements, for demerger of Media Business Undertaking (as defined hereinafter) from Diligent Media Corporation Limited ("DMCL" or "the Demerged Company") vesting with Zee Entertainment Enterprises Limited ("ZEEL" or "the Resulting Company"), on a going concern basis, pursuant to the relevant provisions of the Companies Act, 1956. This Scheme also provides for various other matters consequential or otherwise integrally connected therewith.

(B) RATIONALE FOR THE SCHEME

1. Events form an important and integral part of every television channel and there has been increasing trend in number of events interspersed with staple programming (soaps). These events, besides providing likeable low cost contents, act as catalyst for reinforcing connect with viewers and advertisers both on the ground as well as on screen.
2. The Resulting Company being a major player in the Media and entertainment space is planning to give an impetus to its events management capabilities and could benefit from the Media Business Undertaking of DMCL, which revolve around various events on empowerment of women, education, automobiles, real estate etc. The Resulting Company may also benefit from a license for a non news and current affairs television channel currently vested with DMCL and certain registered Intellectual Properties for television formats of various gaming based shows held by DMCL.
3. In light of the above, it is proposed that the Media Business Undertaking of DMCL is consolidated with the Resulting Company by way of demerger from DMCL and vesting into the Resulting Company pursuant to the Scheme of Arrangement between DMCL and ZEEL and their respective shareholders and creditors under Section 391 to 394 of the Companies Act, 1956.
4. The proposed demerger is expected to be beneficial to both DMCL and ZEEL and their respective shareholders, creditors and all other stakeholders and will enable DMCL and ZEEL to achieve and fulfill their objectives more efficiently and economically.

(C) Parts of the Scheme:

This Scheme of Arrangement is divided into the following parts:

- (i) **PART I** deals with the definitions and share capital;
- (ii) **PART II** deals with (a) the transfer and vesting of Media Business Undertaking of DMCL; (b) issue of preference shares to the shareholder(s) of DMCL by ZEEL and;
- (iii) **PART III** which deals with general terms and conditions applicable to this the Scheme of Arrangement.

PART I
DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

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

- 1.1 **"Act" or "the Act"** means the Companies Act, 1956 as amended and any corresponding provisions of the Companies Act, 2013 upon their notification (including any statutory modifications(s) or re-enactment(s) thereof), for the time being in force, which may relate or applicable to arrangements.
- 1.2 **"Appointed Date"** means closing hours of business on 31st day of March, 2014 or such other date as may be fixed or approved by the High Court of Judicature at Bombay.
- 1.3 **"Court" or "High Court"** means the High Court of Judicature at Bombay and shall include the National Company Law Tribunal, if and when applicable;
- 1.4 **"Effective Date"** means the last of the dates on which the certified copy of the Order of the High Court of Judicature at Bombay sanctioning the Scheme of Arrangement is filed by DMCL and ZEEL with the Registrar of Companies, Mumbai, Maharashtra.
- 1.5 **"DMCL" or "the Demerged Company"** means Diligent Media Corporation Limited, a Company incorporated under the Companies Act, 1956 having CIN U22120MH2005PLC151377 and having its registered office at 11th floor, Tower-3, India Bulls Finance Centre, Senapati Bapat Marg, Elphinstone Road (West), Mumbai - 400013, Maharashtra.
- 1.6 **"Media Business Undertaking" or "Media Business"** means any and all assets and liabilities of, appertaining or relatable to, the event management activities of DMCL on the Appointed Date. Without limiting the generality of the foregoing, such undertaking shall include but not limited to all assets (movable or immovable, tangible or intangible), license for a non news and current affairs television channel including any rights attached thereto, broadcasting rights, programming rights, telecasting rights or any other right of similar nature, records, the operations, licenses, deferred tax asset, tax credits (including service tax credit), the liabilities and obligations. It shall also include any personnel, intellectual property rights including rights registered for television formats of gaming based shows, or such other rights or tangible or intangible properties belonging to, or forming part of, or relating or appertaining to, or attributable to the division identified as the Media Business of DMCL.

For the purpose of this Scheme, it is clarified that liabilities pertaining to the Media Business of DMCL shall include:

- (a) The liabilities, which arise out of the activities or operations of the Media Business of DMCL.
- (b) Specific loans and/or other financing facilities raised, incurred and / or utilized solely for the activities or operations of the Media Business of DMCL.
- (c) Liabilities other than those referred to in Sub-Clauses (a) and (b) above, and not directly relatable to the remaining business of DMCL, being the amounts of general or multipurpose borrowings of DMCL, allocated to the Media Business of DMCL in the same proportion which the value of the assets transferred under this Clause 1.6 bears to the total value of the assets of DMCL immediately before giving effect to this Scheme.
- (i) All permanent employees of DMCL employed in and / or relatable to the Media Business of DMCL as on the Effective Date; and
- (ii) Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Media Business of DMCL or whether it arises out of the activities or operations of the Media Business of

DMCL or otherwise shall be decided by mutual agreement between the Board of Directors of DMCL and ZEEL.

- 1.7 **"Remaining Business of DMCL"** means all the undertakings, businesses, activities and operations of DMCL other than Media Business of DMCL and specifically including the publishing business;
- 1.8 **"Scheme" or "the Scheme" or "this Scheme"** means this Scheme of Arrangement in its present form as submitted to the Honorable High Court of Judicature at Bombay or this Scheme with such modification(s), if any made, as per Clause 14 of the Scheme;
- 1.9 **"ZEEL" or "the Resulting Company"** means Zee Entertainment Enterprises Limited, a Company incorporated under the Companies Act, 1956 having CIN L92132MH1982PLC028767 and having its registered office at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018, Maharashtra.

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, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

2. SHARE CAPITAL

2.1 The authorized, issued, subscribed and paid-up share capital of DMCL as on March 31, 2013 is as under

Share Capital	Amount in Rs.
Authorized Share Capital	
153,500,000 Equity shares of Rs.10/- each	1,535,000,000
TOTAL	1,535,000,000
Issued, Subscribed and Paid-up Share Capital	
89,095,542 Equity shares of Rs.10/- each fully paid up	890,955,420
TOTAL	890,955,420

Subsequent to March 31, 2013, there has been no change in the share capital structure of DMCL. The share application money pending allotment will not be converted into equity share capital until this scheme of arrangement is made effective.

2.2 The authorized, issued, subscribed and paid-up share capital of ZEEL as on March 31, 2013 is as under:

Share Capital	Amount in Rs.
Authorized Share Capital	
139,92,00,000 Equity Shares of Re. 1 each	139,92,00,000
TOTAL	139,92,00,000
Issued, Subscribed and Paid-up Share Capital	
95,39,57,720 Equity Shares of Re. 1 each fully paid up	95,39,57,720
TOTAL	95,39,57,720

ZEEL 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 2010. 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 as on December 17 2013, 62,99,400 Options got exercised upon which the Company has issued and allotted 62,99,400 Equity Shares of Re 1 each, resulting in the increase in paid-up share capital of the Company to Rs. 96,02,57,120 comprising of 96,02,57,120 Equity Shares of Re. 1 each.

ZEEL has proposed issuance of bonus redeemable preference shares to its equity shareholders under a scheme of arrangement approved by its Board of Directors in June 2013 which is pending for certain statutory / regulatory approvals. Pursuant to the said scheme becoming effective, the authorised share capital of ZEEL will stand increased to, and reclassified, as under:

Share Capital	Amount in Rs.
Authorized Share Capital	
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

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme as set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court shall be effective from the Appointed Date, but shall be operative from the Effective Date.

PART II TRANSFER AND VESTING OF MEDIA BUSINESS UNDERTAKING OF DMCL INTO ZEEL

4. VESTING OF MEDIA BUSINESS

- 4.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, the whole of the undertaking, assets and liabilities, debts and properties of the Media Business as defined in Clause 1.6 shall pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions, if any, of the Act any corresponding provisions of the Companies Act, 2013 and without any further act or deed shall stand transferred to and vested in and / or be deemed to be transferred to and vested in ZEEL so as to vest in ZEEL all rights, title and interest pertaining to the Media Business.
- 4.2 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions, approvals or consents relating to, vested with, and/or held by DMCL required to carry on operations of the Media Business shall stand vested in or transferred to ZEEL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of ZEEL. The benefit of all such statutory and regulatory permissions, registration or other licenses, and consents shall vest in and become available to ZEEL pursuant to the Scheme.
- 4.3 All existing securities, mortgages, charges, encumbrances or liens, if any, as on the Appointed Date, over the assets comprised in the Media Business transferred to and vested with ZEEL by virtue of this Scheme and in so far as such securities, mortgages, charges, encumbrances or liens secured or relate to liabilities of the Media Business, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date. Such assets as are transferred to ZEEL pursuant to this Scheme and such securities, mortgages, charges, encumbrances or liens shall not relate or attach to any of the other assets of ZEEL.
- 4.4 Any existing encumbrances over the assets and properties of ZEEL or any part thereof which relate to the liabilities and obligations of ZEEL prior to the Effective Date shall continue to relate only to such of those assets and properties of ZEEL and shall not extend or attach to any of the assets and properties of the Media Business transferred to and vested in ZEEL by virtue of this Scheme.
- 4.5 Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, sales / service tax credits, holidays, incentives, concessions and other authorizations relating to Media Business shall stand transferred pursuant to the Order of the Court to ZEEL, ZEEL shall file relevant intimations as required for the record of the statutory authorities who shall take them on file, pursuant to the Order of the Court.

4.6 This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with the intent of Section 2(19AA) of the Income-tax Act, 1961 or any statutory modification(s) thereof. Such modification will however not affect other parts of the Scheme.

4.7 It is hereby clarified that nothing contained in the Scheme shall, in any manner, affect any Remaining Business of DMCL now or hereafter carried out by DMCL.

5. ISSUE OF SHARES BY ZEEL

5.1 Upon coming into effect of the Scheme and in consideration for the transfer and vesting of the Media Business in ZEEL, ZEEL shall, without any further application or deed, issue and allot preference shares, credited as fully paid up, to the members of DMCL whose name appears in the Register of Members of DMCL as on the Effective Date or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, in the ratio of

"1 (One) fully paid Preference Share of Re. 1 (Rupee One) each of ZEEL for every 4 (Four) Equity Shares of Rs. 10/- (Rupees Ten) each held in DMCL, which shall result in issuance of 2,22,73,886 Preference Shares of Re. 1 each by ZEEL to shareholders of DMCL."

5.2 No coupons shall be issued in respect of fractional entitlements, if any, by ZEEL, to the members of DMCL at the time of issue and allotment of Preference Shares under Clause 5.1. In case any equity shareholder's holding in DMCL is such that the said shareholder becomes entitled, pursuant to Clause 5.1 above, to a fraction of Preference Share of ZEEL, ZEEL shall at its discretion round off the said entitlement to the nearest integer and allot Preference Shares accordingly.

5.3 The Preference shares specified in clause 5.1 of this Scheme shall be issued and allotted on the terms and conditions set out in Schedule I to this Scheme.

5.4 The Preference Shares to be issued to the members of DMCL pursuant to clause 5.1 of this Scheme will not be listed on any of the stock exchanges in India, unless required under any regulations and/or the listing guidelines.

5.5 Approval of this Scheme by the shareholders of ZEEL shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and/or applicable provisions of the Act for the issue and allotment of Preference Shares by ZEEL to the shareholders of DMCL, as provided for in this Scheme. If required, ZEEL will increase / alter / modify its capital structure, for issuance of such preference shares under this Scheme.

6. ACCOUNTING TREATMENT IN THE BOOKS OF DMCL AND ZEEL

6.1 IN THE BOOKS OF ZEEL

6.1.1 ZEEL shall record the assets and liabilities, pertaining to the Media Business, at the respective book values as on the Appointed Date.

6.1.2 ZEEL shall credit to its share capital account, the aggregate face value of the Preference Shares issued by it pursuant to Clause 5.1 of this Scheme.

6.1.3 Surplus if any, arising out of the excess of net assets of the Media Business vested with and recorded by ZEEL in terms of clause 6.1.1 above, over the amount credited as share capital, shall be credited to General Reserve Account. The deficit, if any, shall be debited to General Reserve Account.

6.1.4 The accounting methods and policies currently followed by ZEEL shall prevail and difference, if any, on the methods or policies followed by the Media Business of DMCL will be adjusted suitably in the General Reserve Account of ZEEL.

6.2 IN THE BOOKS OF DMCL

6.2.1 Upon the Scheme becoming effective, DMCL shall reduce the book value of assets and liabilities pertaining to the Media Business.

6.2.2 The difference between the amount of assets and liabilities so transferred to ZEEL shall be adjusted against Securities Premium Account of DMCL.

6.2.3 To the extent the balance in Securities Premium Account is adjusted as per clause 6.2.2 above, there shall be reduction of Securities Premium Account which shall be effected as an integral part of the Scheme itself in accordance with the provisions of Section 78 and Sections 100 to 104 of the Act, however, as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital, the provisions of Section 101 of the Act are not applicable. Therefore any order under Section 102 of the Act confirming the reduction shall not be required.

PART III GENERAL TERMS AND CONDITIONS

7. TRANSACTIONS UPTO THE EFFECTIVE DATE

7.1 With effect from the Appointed Date and up to and including the Effective Date:

- (a) DMCL shall carry on and be deemed to have carried on the business and activities in relation to the Media Business and shall stand possessed of the properties and assets relating to the Media Business for and in trust for ZEEL and all profits / losses accruing on account of the Media Business shall for all purposes be treated as profits / losses of ZEEL.
- (b) DMCL shall not, without the prior written consent of the Board of Directors of ZEEL, or pursuant to any pre-existing obligation, sell, transfer or otherwise alienate, charge, mortgage or encumber or otherwise deal with or dispose of the undertaking relating to the Media Business or any part thereof except in the ordinary course of its business.
- (c) DMCL shall not vary the terms and conditions of service of its permanent employees relating to the Media Business except in the ordinary course of its business.

7.2 With effect from the date of approval to the Scheme by Board of directors of DMCL and ZEEL until the Effective Date, DMCL shall carry on the business and activities of Media Business with reasonable diligence and business prudence for and in trust for ZEEL; Further, DMCL shall not engage in any corporate restructuring exercise including any merger and / or demerger which may affect the Media Business without the prior written consent of ZEEL.

8. DECLARATION OF DIVIDEND, BONUS, ETC.

8.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent ZEEL from declaring and paying dividends, whether interim or final, to its equity or preference shareholders as on the respective record date(s) for the purposes of payment of any such dividend.

- 8.2 DMCL shall not utilize the profits or income, if any, relating to the Media Business for the purpose of declaring or paying any dividend to its shareholders or for any other purpose in respect of the period falling on and after the Appointed Date and upto the Effective Date.
- 8.3 DMCL shall not without the prior written consent of ZEEL, alter its issued, subscribed and paid up equity capital structure, whether by way of increase (by issue of any share on rights basis, bonus or otherwise), decrease, reduce, re-classify, sub-divide or consolidate, re-organise which may in any manner directly or indirectly alter or affect or change the share exchange ratio mentioned in clause 5.1 above and the preference shares to be issued by ZEEL.
- 8.4 It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member/shareholder of DMCL and/or ZEEL to demand or claim any dividends which, subject to the provisions of the Act, shall subject to clauses 8.1 to 8.3 be entirely at the discretion of the respective Boards of Directors of DMCL and ZEEL and subject, wherever necessary, to the approval of the shareholders of DMCL and ZEEL, respectively.

9. EMPLOYEES

- 9.1 On the Scheme becoming effective, all staff and employees of DMCL pertaining to Media Business who are in service as on the Effective Date shall become staff and employees of ZEEL without any break in their service and on the basis of continuity of service. ZEEL agrees that the service of all such employees with DMCL, up to the Effective Date shall be taken into account for purposes of all retirement benefits to which they may be eligible as on the Effective Date. Any question that may arise as to whether any staff or employee belongs to or does not belong to Media Business of DMCL shall be mutually decided by Board of Directors of DMCL and ZEEL.
- 9.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or such other Special Fund, if any, or Trusts (hereinafter collectively referred as 'Funds') created for the benefit of the staff and employees of Media Business of DMCL shall, with the approval of the concerned authorities, become Funds of ZEEL, or shall be transferred to or merged with other similar funds of ZEEL for all purposes whatsoever in relation to the administration or operation of such Funds or in relation to the obligation to make contributions to the said Funds in accordance with the provisions of respective Trust Deeds, to the end and intent that all rights, duties, powers and obligations of DMCL in relation to such Funds shall become those of ZEEL. It is clarified that the services of the staff and employee will be treated as having been continuous for the purpose of the said Funds.

10. LEGAL PROCEEDINGS

- 10.1 All legal proceedings of whatsoever nature by or against DMCL pending and/or arising before the Effective Date and relating to the Media Business, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme, but shall be continued and enforced by or against ZEEL, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against DMCL.
- 10.2 All legal proceeding taken against ZEEL in respect of the matters referred to in the sub-clause 10.1 above, shall be defended by ZEEL at the cost of DMCL acting reasonably, and DMCL undertakes to reimburse and indemnify ZEEL against all liabilities and obligations incurred by ZEEL in respect thereof.

11. CONTRACTS, DEEDS, ETC.

- 11.1 Notwithstanding anything to the contrary, and subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the Media Business of DMCL, shall continue in full force and effect against or in favour of ZEEL, and may be enforced effectively by or against ZEEL as fully and effectually as if, instead of DMCL, ZEEL had been a party thereto from inception.

- 11.2 ZEEL may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which DMCL is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. ZEEL shall be deemed to be authorised to execute any such writings on behalf of DMCL and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of DMCL.

12. SAVING OF CONCLUDED TRANSACTIONS

- 12.1 The transfer and vesting of the Media Business as above and the continuance of proceedings by or against DMCL in relation to the Media Business shall not affect any transaction or proceedings already concluded on or after the Appointed Date till the Effective Date, to the end and intent that ZEEL accepts and adopts all acts, deeds and things done and executed by DMCL in respect thereto from the Appointed Date as done and executed on behalf of ZEEL.

13. APPLICATIONS TO HIGH COURT

- 13.1 DMCL and ZEEL shall, as may be required and applicable, make applications and/or petitions under Sections 391 to 394 read with Section 78 and Sections 100 to 104 and other applicable provisions of the Act to the High Court of Judicature at Bombay or such other appropriate authority for sanction of this Scheme and all matters ancillary or incidental thereto.
- 13.2 DMCL and ZEEL shall cooperate with each other and shall take such steps as necessary or desirable including making applications, submissions, etc to give effect to the transaction contemplated herein.

14. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 14.1 DMCL and ZEEL with approval of their respective Boards of Directors may consent, from time to time, on behalf of all persons concerned, to any modifications/amendments or additions/deletions to the Scheme which may otherwise be considered necessary, desirable or appropriate by the said Boards of Directors to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds matters, and things necessary for bringing this Scheme into effect or agree to any terms and / or conditions or modifications or limitations that the Hon'ble Court or any other authorities under law may deem fit to approve of, to direct and /or impose. The aforesaid powers of DMCL and ZEEL to give effect to the modification/amendments to the Scheme may be exercised by their respective Boards of Directors subject to approval of the Hon'ble Court or any other authorities under applicable law.

15. CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

- 15.1 The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.
- 15.2 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of DMCL and ZEEL as may be directed by the Hon'ble High Court of Judicature at Bombay or any other competent authority, as may be applicable.
- 15.3 The approval by the requisite majority of the such members of ZEEL as required under the listing agreements entered in to by ZEEL with the Stock Exchanges or / SEBI Guidelines / Regulations;

15.4 The Scheme being sanctioned by the High Court of Judicature at Bombay or any other authority under Sections 391 to 394 of the Act.

15.5 Certified copy of the Order of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra, at Mumbai by DMCL and ZEEL.

16. EFFECT OF NON-RECEIPT OF APPROVALS

16.1 In the event of any of the said sanctions and approvals referred to in the preceding Clause 15 not being obtained and / or the Scheme not being sanctioned by the High Court or such other competent authority and / or the order or orders not being passed as aforesaid before September 30, 2014 or such other date as may be agreed by the respective Board of Directors of DMCL and ZEEL may determine, the Scheme shall become null and void, and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.

17. COSTS, CHARGES & EXPENSES

17.1 All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne by ZEEL.

SCHEDULE I

TERMS AND CONDITIONS FOR ISSUE OF PREFERENCE SHARES

Dividend rate	6% p.a.
Accumulation of dividend	Non-Cumulative
Convertibility	Non-Convertible
Payment of dividend	The Preference Shares will qualify for preferential payment of dividend at the rate set out above from the date of allotment up to the date of redemption.
Tenure	3 years
Listing	The Preference Shares will not be listed on any Stock Exchange unless required by any extant regulations.
Redemption Terms	Redemption of Preference Shares would be done at par.
Redemption Option	ZEEL shall also have an option to redeem the Preference Shares any time within 3 years from the date of allotment of Preference Shares, at par.

Complaints Report

Any Complaints received in connection with the Scheme of Arrangement between Diligent Media Corporation Limited and Zee Entertainment Enterprises Ltd and their respective shareholders and creditors during the period from December 28, 2013 to January 17, 2014

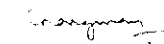
Part A

Sr No	Particulars	Number
	Number of Complaints received directly	Nil
	Number of Complaints forwarded by Stock Exchanges	Nil
	Total Number of Complaints / comments received	Nil
	Number of Complaints resolved	Nil
	Number of Complaints pending	Nil

Part B

Sr No	Name of Complainant	Date of Complaint	Status (Resolved/Pending)
	Not Applicable	Not Applicable	Not Applicable
	Not Applicable	Not Applicable	Not Applicable
	Not Applicable	Not Applicable	Not Applicable

Zee Entertainment Enterprises Limited



Mahimnarayanan
Compliance Officer & Company Secretary



Mumbai
January 21, 2014



|| Vasudha Kulkarni ||

ZEE ENTERTAINMENT ENTERPRISES LIMITED
Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai - 400 018, India

DCS/AMAL/NJ/24(f)/434/2013-14

March 25, 2014

The Company Secretary
Zee Entertainment Enterprises Limited
Continental Building,
135, Dr Annie Besant Road,
Worli, Mumbai,
Maharashtra - 400018.

Dear Sir/Madam,

Sub: Observation letter regarding the Scheme of Arrangement/ Amalgamation between Zee Entertainment Enterprises Limited and Diligent Media Corporation Limited.

We are in receipt of draft Scheme of Arrangement/ Amalgamation involving de-merger of Media Business Undertaking of Diligent Media Corporation Limited & transfer into Zee Entertainment Enterprises Limited.

The Exchange has noted the confirmation given by the Company stating that the scheme does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions of the Listing Agreement or the requirements of BSE Limited (BSE).

As required under SEBI Circular No.CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No.CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI has vide its letter dated March 25, 2014 given the following comment(s) on the draft scheme of arrangement:

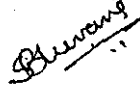
- ***The company shall duly comply with various provisions of the aforesaid SEBI circular.***

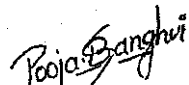
Accordingly, we hereby convey Exchange's 'No-objection' with limited reference to those matters having bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the scheme with the Hon'ble High Court.

Further you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also mention the same in your application for approval of the scheme of arrangement submitted to the Hon'ble High Court.

The Exchange reserves its right to withdraw its No-objection/approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Yours faithfully,


Bhuvana Sriram
Deputy Manager


Pooja Sanghvi
Asst. Manager

Ref: NSF LIST/234234-9

March 25, 2014

Zee Entertainment Enterprises Limited
135, Continental Building
Dr. Ambedkar Road
Worli
Mumbai - 400018

Kind Attn.: Mr. Pushpal Sanghvi

Dear Sir,

Subj.: Observation letter for Scheme of Arrangement of Diligent Media Corporation Limited and Zee Entertainment Enterprises Limited and their respective shareholders and creditors

We are in receipt of the draft Scheme of Arrangement of Diligent Media Corporation Limited and Zee Entertainment Enterprises Limited and their respective shareholders and creditors.

We have perused the draft Scheme of Arrangement and the related documents/details submitted by Zee Entertainment Enterprises Limited including the confirmation of the Company Secretary that the Scheme so submitted does not in any way violate, over-ride or circumscribe the provisions of Securities Laws or the Stock Exchange requirements.

Pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013 and SEBI Circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013, SEBI has vide letter dated March 25, 2014, has commented as follows:

1) Additional information submitted by Zee Entertainment Enterprises Limited with respect to

a) Contribution of Networth, Revenue and Profit after tax of Media business Undertaking as a percentage of Networth, Revenue and Profit after tax of Diligent Media Corporation Limited.

b) Details in respect of number of stock options issued by Zee Entertainment Enterprises Limited and outstanding stock options.

Both are to be displayed on the website of Zee Entertainment Enterprises Limited along with various documents submitted pursuant to the circulars.

2) The company shall duly comply with various provisions of the Circulars.

Accordingly, we do hereby convey our 'No-Objection' with limited reference to those matters having a bearing on listing / delisting / continuous listing requirements within the provisions of the Listing Agreement, so as to enable the Company to file the Scheme with the Hon'ble High Court.

However, the Exchange reserves its right to withdraw this No-objection approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.



Continuation Sheet

Ref: NSE/LIST/234234-9

March 25, 2014

The validity of the "Observation Letter" shall be six months from March 25, 2014, within which the scheme shall be submitted to the Hon'ble High Court. Further pursuant to the above SEBI circulars upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme
- d. Status of compliance with the Observation Letter/s of the stock exchanges
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per Annexure II of this Circular.

Yours faithfully,

For National Stock Exchange of India Limited

Kamlesh Patel
Manager

This Document is Digitally Signed

NSE

Signer : Patel Kamlesh
Date: Tue, Mar 25, 2014 20:38:51 IST
Location: NSE

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 258 OF 2014**

In the matter of the Companies Act, 1956 (1 of 1956) (or re-enactment thereof upon effectiveness of Companies Act, 2013);

AND

In the matter of Sections 391 to 394 read with Section 78 (corresponding provisions u/s 52 of Companies Act, 2013) and 100 to 104 of the Companies Act, 1956 (or any corresponding provisions of Companies Act, 2013 as may be notified);

AND

In the matter of Scheme of Arrangement

BETWEEN

Diligent Media Corporation Limited ("the Demerged Company" or "DMCL")

AND

Zee Entertainment Enterprises Limited ("the Resulting Company" or "ZEEL")

AND

their respective shareholders and creditors

ZEE ENTERTAINMENT ENTERPRISES LIMITED, a company)
Incorporated under the provisions of the Companies Act, 1956 and)
having its registered office at Continental Building, 135, Dr. Annie)
Besant Road, Worli, Mumbai – 400 018, Maharashtra.)

.....Applicant Company

FORM OF PROXY

I/ We _____, the undersigned, being the Preference Shareholder of Zee Entertainment Enterprises Limited, the Applicant Company do hereby appoint Mr./ Ms. _____ of _____ and failing him/her _____ of _____ as my/our proxy, to act for me/us at the meeting of the Preference Shareholders to be held at Nehru Auditorium, Nehru Centre, Dr Annie Besant Road, Worli, Mumbai 400 018 on Wednesday, 4th day of June 2014 at 12.30 P.M. or immediately after conclusion of meeting of Equity Shareholders, which ever is earlier, for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement between Diligent Media Corporation Limited and Zee Entertainment Enterprises Limited and their respective shareholders and creditors (hereinafter referred to as the "Scheme") and at such meeting, and any adjournment / adjournments thereof, to vote, for me/us and in my/ our name(s) _____ (herein, if 'for' insert 'FOR', if 'against' insert 'AGAINST' and in the later case strike out the words "either with or without modifications" after the word "Arrangement") the said arrangement embodied in the Scheme of Arrangement either with or without modification(s), as my/our proxy may approve.

*Strike out what is not necessary

Dated this _____ day of _____, 2014

Name : _____

Address : _____

Affix
revenue
stamp of
Re. 1/-

Signature across the stamp

(For Physical Holding) Reg. Folio No. : _____

(For Demat Holding) Client ID No. : _____

No. of Preference Shares held: : _____

Signatures of Shareholder(s)

Sole / First Holder: _____

Second Holder: _____

Third Holder: _____

DP ID No. : _____

Signature of Proxy

Proxy: _____

Notes:

- (1) All alterations made in the Form of Proxy should be Initialed.
- (2) The Proxy must be deposited at the Registered Office of the Applicant Company at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018 at least 48 hours before the time for holding the Court Convened meeting.
- (3) The proxy need not be a Preference Shareholder of Zee Entertainment Enterprises Limited.
- (4) In case of multiple proxies, the proxy received in time shall be accepted.



ZEE ENTERTAINMENT ENTERPRISES LIMITED

Regd. Office: Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018

Tel:- 91-22-24831234 **Fax:-** 91-22-24955974

CIN: L92132MH1982PLC028767 **Website:** www.zeetelevision.com

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional attendance slip at the venue of the meeting

I/We hereby record my/our presence at the meeting of the Preference Shareholders of the Company, convened pursuant to the Order dated 2nd day of May, 2014 of the Hon'ble High Court of Judicature of Bombay at Nehru Auditorium, Nehru Centre, Dr Annie Besant Road, Worli, Mumbai 400 018 on Wednesday the 4th day of June 2014 at 12.30 P.M. or immediately after conclusion of meeting of Equity Shareholders, which ever is earlier.

Name and Address of Preference Shareholder: _____
(IN BLOCK LETTERS):

Signature : _____

Reg.Folio No. : _____

Client ID # : _____

D.P. I.D. # : _____

No. of Preference Shares : _____

(Applicable for shareholders holding preference shares in dematerialized form)

Name of the Proxy holders/ Authorised Representative*: _____
(IN BLOCK LETTERS)

Signature : _____

*(To be filled in by the Proxy in case he/she attends instead of the preference shareholder)

NOTE:

Preference Shareholders attending the Meeting in person or by Proxy or through authorized representative are requested to complete and bring the Attendance Slip and hand it over at the entrance of the meeting hall.

POST / COURIER

undelivered, please return to

ZEE ENTERTAINMENT ENTERPRISES LIMITED

Registered Office: Continental Building, 135,
Dr. Annie Besant Road, Worli,
Mumbai - 400 018.



ZEE ENTERTAINMENT ENTERPRISES LIMITED

Regd. Office: Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018

Tel:-91-22-24831234 **Fax:-**91-22-24955974

CIN: L92132MH1982PLC028767 **Website:** www.zeetelevision.com

COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS AND POSTAL BALLOT

Day : Wednesday
Date : June 4, 2014
Time : 11:00 A.M
Venue : Nehru Auditorium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018

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**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 258 OF 2014**

In the matter of the Companies Act, 1956 (1 of 1956) (or re-enactment thereof upon effectiveness of Companies Act, 2013);

AND

In the matter of Sections 391 to 394 read with Section 78 (corresponding provisions u/s 52 of Companies Act, 2013) and 100 to 104 of the Companies Act, 1956 (or any corresponding provisions of Companies Act, 2013 as may be notified);

AND

In the matter of Scheme of Arrangement

BETWEEN

Diligent Media Corporation Limited ("the Demerged Company" or "DMCL")

AND

Zee Entertainment Enterprises Limited ("the Resulting Company" or "ZEEL")

AND

their respective shareholders and creditors

ZEE ENTERTAINMENT ENTERPRISES LIMITED,)
a company incorporated under the provisions of)
the Companies Act, 1956 and having its registered)
office at Continental Building, 135, Dr. Annie Besant)
Road, Worli, Mumbai – 400 018, Maharashtra.)

.....Applicant Company

**NOTICE CONVENING THE MEETING OF EQUITY SHAREHOLDERS OF
ZEE ENTERTAINMENT ENTERPRISES LIMITED, THE APPLICANT COMPANY**

To,

The Equity Shareholders of Zee Entertainment Enterprises Limited ("the Applicant Company" / "Company"),

TAKE NOTICE that by an Order made on 2nd day of May 2014, in the above Company Summons for Direction No. 258 of 2014, the Hon'ble High Court of Judicature at Bombay has directed that a meeting of the Equity Shareholders of Zee Entertainment Enterprises Limited, the Applicant Company, be convened and held at Nehru Auditorium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018, on Wednesday, 4th day of June, 2014 at 11.00 a.m. for the purpose of considering and, if thought fit, approving with or without modification(s), the proposed Scheme of Arrangement between Diligent Media Corporation Limited and Zee Entertainment Enterprises Limited and their respective shareholders and creditors ('the Scheme' or 'this Scheme').

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the Equity Shareholders of Zee Entertainment Enterprises Limited, the Applicant Company will be convened and held at the Nehru Auditorium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018; on Wednesday, 4th day of June 2014 at 11.00 a.m. at which place, day, date and time you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the Registered Office of the Applicant Company at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018 not later than 48 hours before the time fixed for the said meeting.

The Hon'ble High Court of Bombay has appointed Mr. Subhash Chandra, Non-Executive Chairman of the Applicant Company, and failing him, Mr. Punit Goenka, Managing Director & Chief Executive Officer of the Applicant Company, and failing him, Mr. Ashok Kurien, Director of the Applicant Company, to be the Chairman of the said meeting.

A copy of the Explanatory Statement under Section 393 of the Companies Act, 1956, the Scheme of Arrangement, Complaints Report, Observation Letters issued by the Stock Exchanges, Form of Proxy and Attendance Slip are enclosed.

S/d
Subhash Chandra
Chairman appointed for the meeting

Mumbai, dated this 7th day of May 2014

Registered office:

Continental Building,
135, Dr. Annie Besant Road,
Worli, Mumbai – 400 018

Notes:

1. Alterations, if any, made in the Form of Proxy should be initialed.
2. Only registered Equity Shareholders of the Applicant Company may attend and vote (either in person or by proxy or by authorised representative under applicable provisions of the Companies Act) at the Equity Shareholders meeting. The authorised representative of a body corporate which is a registered Equity Shareholder of the Applicant Company may attend and vote at the Equity Shareholders meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorising such representative to attend and vote at the Equity Shareholders meeting is deposited at the registered office of the Applicant Company not later than 48 hours before the meeting.
3. Foreign Institutional Investors (FIIs) who are registered Equity Shareholders of the Applicant Company are required to deposit certified copies of custodial resolutions/power of attorney, as the case may be, authorizing the individuals named therein, to attend and vote at the meeting on its behalf. These documents must be deposited at the registered office of the Applicant Company not later than 48 hours before the meeting.
4. The proxy need not be a member of the Applicant Company.
5. Members are informed that in case of joint holders attending the meeting, only the joint holders whose name stands first in the Register of Members of the Applicant Company in respect of such joint holding will be entitled to vote.

Encl.: As above

NOTICE TO PUBLIC SHAREHOLDERS

NOTICE PURSUANT TO SECTION 110 OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES 2014 AND CIRCULAR NO. CIR/CFD/DIL/5/2013 DATED FEBRUARY 4, 2013 & CIRCULAR NO. CIR/CFD/DIL/8/2013 DATED MAY 21, 2013 ISSUED BY SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)

To,

The Equity Shareholders of Zee Entertainment Enterprises Limited

Notice is hereby given, pursuant to Section 110 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 and SEBI Circular Nos CIR/CFD/DIL/5/2013 dated February 4, 2013 and CIR/CFD/DIL/8/2013 dated May 21, 2013, that the approval of Public Shareholders (i.e. Equity Shareholders other than those forming part of Promoter and Promoter Group) of the Company is sought to the Scheme of Arrangement between Diligent Media Corporation Limited and Zee Entertainment Enterprises Limited and their respective Shareholders and Creditors by passing an Ordinary Resolution by way of Postal Ballot and e-voting.

In relation to the proposed Ordinary resolution, Explanatory Statement annexed to and forming part of the Notice of Court Convened Meeting of Equity Shareholders of the Company setting out the material facts and the reasons thereof be considered as Explanatory Statement for the purpose as per Section 102 of the Companies Act, 2013. The Company has appointed FCS Satish K. Shah, Practicing Company Secretary, as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed on the Postal Ballot Form and the Notice and return the completed Form in the enclosed self addressed, postage pre-paid envelope (if posted in India) so as to reach the Scrutinizer, at the Registered Office of the Company at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai 400 018, **on or before the close of business hours on Thursday, the 12th day of June 2014**, the last date for the receipt of the completed Postal Ballot Forms. Postal Ballot Forms received after this date will be considered invalid. The postage on the enclosed self-addressed postage pre-paid envelope shall be borne and paid by the Company.

Upon completion of the scrutiny of the Postal Ballot Forms, the Scrutinizer will submit his report to the Non-Executive Chairman of the Company or in his absence to any Director of the Company and the results of the Postal Ballot will be announced on Monday, 16th day of June 2014 at the Company's Registered Office at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai - 400 018, Maharashtra. The result of the Postal Ballot will also be posted on the Company's Website www.zeetelevision.com besides sending appropriate communications to BSE Limited and National Stock Exchange of India Limited.

The date of declaration of the results of the Postal Ballot shall be the date on which the resolution would be deemed to have been passed by the Members, if approved by requisite majority.

E-Voting Option

The Company is pleased to offer E-Voting facility also as an alternative for Equity Shareholders which would enable you to cast your votes electronically, instead of sending Physical Postal Ballot Form. E-voting is optional. Please carefully read and follow the instructions on E-Voting printed in this Notice.

Proposed Resolution

To consider and if thought fit, to pass the following resolution as an *Ordinary Resolution*:

"RESOLVED THAT the Scheme of Arrangement between Diligent Media Corporation Limited and Zee Entertainment Enterprises Limited and their respective Shareholders and Creditors ('the Scheme' or 'this Scheme'), under Section 391 to 394 and other applicable provisions of the Companies Act 1956 (or any corresponding provisions of Companies Act, 2013) be and is hereby approved, subject to approval of Hon'ble High Court of Judicature at Bombay.

RESOLVED FURTHER THAT the Board of Directors (which includes any Committee thereof) of the Company, be and is hereby authorized to do all such acts, deeds, matters and things as are considered requisite or necessary to implement the arrangement embodied in the Scheme of Arrangement and to accept such modification and/or conditions, if any, which may be required and/or imposed by the Hon'ble High Court of Judicature at Bombay and/or any other authority, while sanctioning the arrangement embodied in the Scheme."

**By Order of the Board
For Zee Entertainment Enterprises Limited**

**S/d
M Lakshminarayanan
Chief Compliance Officer & Company Secretary**

Mumbai, dated this 7th day of May 2014

Notes:

1. Explanatory Statement for the proposed Ordinary Resolution pursuant to Section 102 read with Section 110 of the Companies Act, 2013 along with applicable rules thereunder and provisions of Section 393 of the Companies Act, 1956 setting out material facts forms part of this Notice booklet.
2. This Notice is being sent to all the Public Shareholders whose names appear in the Register of Members / Records of Depositories as at the close of Friday, the 2nd day of May 2014.
3. Voting Period will commence on and from Wednesday, the 14th day of May 2014, and end on Thursday, the 12th day of June 2014.
4. Equity Shareholders are requested to notify change in address, if any, in case of shares held in Electronic form to the concerned Depository Participant quoting their Client ID and in case of Physical shares to the Registrar and Transfer Agent of the Company quoting their Folio number.
5. Equity Shareholders are also requested to carefully read the instructions printed behind the Postal Ballot Form before exercising their vote.

INSTRUCTIONS FOR VOTING

Kindly note that each Equity Shareholder can opt for only one mode for voting i.e. either by Physical Ballot or by E-Voting. If you opt for E-Voting, then please do not vote by Physical Ballot and vice versa. In case Member(s) casting their vote via both modes i.e. Physical Ballot as well as E-Voting, then voting done through a valid Physical Postal Ballot Form shall prevail and E-Voting of that member shall be treated as invalid.

VOTING THROUGH POSTAL BALLOT

- Equity Shareholder desiring to exercise their vote by Postal Ballot are requested to carefully read the instructions mentioned herein and those mentioned in the Postal Ballot Form and return the same duly completed in the enclosed self addressed postage pre-paid Business Reply Envelope to the Scrutinizer. Postage on self addressed pre-paid Business Reply Envelope will be borne by the Company. However, envelopes containing Postal Ballot Form, if sent by Courier or by Registered Post at the expense of the registered Member will also be accepted. The Postal Ballot Form(s) may also be deposited personally at the Registered Office of the Company. The envelopes containing the Postal Ballot Form should reach the Scrutinizer not later than the close of business hours on Thursday, the 12th day of June, 2014. Postal Ballot Form(s) received after this date and time will be treated as if the reply from such Member has not been received.
- The Postal Ballot Form should be completed and signed by the Member. Any unsigned Postal Ballot Form will be rejected.
- In case of joint holding, the Postal Ballot Form should be completed and signed (as per the specimen signature registered with the Company / Depository) by the first named Member and in the absence of such Member, by the next named joint-holder. A Member may sign the Postal Ballot Form through an Attorney; in such case certified true copy of the Power of Attorney should be attached to the Postal Ballot Form. There will be only one Postal Ballot Form for every folio irrespective of the number of joint Member(s).
- In case of shares held by Companies, Trusts, Societies etc., a duly completed Postal Ballot Form should be signed by its authorized signatory. In such cases the Postal Ballot Form shall be accepted only if the same is accompanied by a certified true copy of the Board Resolution / Authority together with the specimen signature(s) of the duly authorised signatory(ies).
- Equity Shareholder need not use or cast all his/her votes in the same manner.
- Assent or dissent to the proposed resolution may be recorded by placing a tick mark (✓) in the appropriate column. Postal ballot form bearing (✓) mark in both the column will render the form invalid.
- Any incomplete, unsigned, incorrectly completed, incorrectly ticked, defaced, torn, mutilated, over-written, wrongly signed Postal Ballot Forms will be rejected. The Postal Ballot shall not be exercised by a proxy.
- Voting rights shall be reckoned on the paid up value of equity shares registered in the name of the Member as on Friday, the 2nd day of May 2014.
- Equity Shareholder may request for a duplicate Postal Ballot Forms, if so required. However, the duly completed duplicate Postal Ballot Forms should reach the Scrutinizer not later than the date and time specified above.
- Equity Shareholders are requested not to send any other paper(s) along with the Postal Ballot Form in the enclosed self addressed postage prepaid envelope as all postal ballot(s) will be sent to the Scrutinizer and any extraneous paper found in such envelope would be destroyed by the Scrutinizer.
- The Scrutinizer's decision on the validity of Postal Ballot Form shall be final.
- The Resolution, if assented by requisite majority, shall be considered as passed on Monday, the 16th day of June 2014 (i.e. the date of declaration of the Postal Ballot Result).

E-VOTING

In compliance with provisions of Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer E-Voting facility as an alternate mode of voting, for its Equity Shareholders, to enable them to cast their votes electronically instead of dispatching Postal Ballot Form. The E-Votes should be casted not later than the close of business on Thursday, the 12th day of June 2014. E-Voting is optional. The procedure and instructions for the same are as follows:

- Open your web browser during the voting period and log on to the e-voting website www.evotingindia.com
- Now click on 'Shareholders' tab to cast your votes
- Now, select the 'Electronic Voting Event Number (EVEN)' along with 'Zee Entertainment Enterprises Limited' from the drop down menu and click on 'SUBMIT'
- Now, fill up the following details in the appropriate boxes:

	For Equity Shareholders holding shares in demat form	For Equity Shareholders holding shares in physical form
User-ID	For CDSL – 16 digits Beneficiary ID For NSDL – 8 characters DP ID followed by 8 digits Client ID	Folio number registered with the Company
Password For Equity Shareholders whose email addresses are registered with the Company/Depository Participant	Enter your existing password in case you have voted before on CDSL's e-voting system Enter the unique password mentioned in the email vide which the Postal Ballot Notice has been emailed to you in case you are using the CDSL's e-voting system for the first time	Enter the unique password mentioned in the email vide which the Postal Ballot Notice has been emailed to you
For Equity Shareholders whose email addresses are not registered with the Company / Depository Participant	Enter your existing password in case you have voted before on CDSL's e-voting system Enter the unique password printed on your postal ballot form in case you are using the CDSL's e-voting system for the first time	Enter the unique password printed on your Postal Ballot form
PAN Number*	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department	

* Equity Shareholders who have not updated their PAN with the Company / Depository Participant are requested to use the default number: 54321 in PAN field or use physical Postal Ballot Form for voting.

- After entering these details appropriately, click on 'SUBMIT'
- Equity Shareholders holding Equity shares in Physical form will then reach directly to the voting screen. The password and default number can be used only for e-voting on the resolution contained in this Postal Ballot Notice
- Equity Shareholders holding Equity shares in Demat form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field in case Equity Shareholders are using CDSL's e-voting system for the first time. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password is also to be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential
- You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-voting system in future. The same may be used in case the member forgets the password and the same needs to be reset.
- On the voting page, you will see Resolution Description and option for voting Yes/No against Resolution Description. The option 'YES' implies that you assent to the resolution & 'NO' implies that you dissent to the resolution
- Click on the Resolution file link if you wish to view the entire Postal Ballot Notice.

- Enter the number of shares (which represents number of votes) under YES/NO or alternatively you may partially enter any number in YES and partially in NO, but the total number in YES and NO taken together should not exceed your total shareholding
- After selecting the resolution you have decided to vote on, click on 'SUBMIT'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'OK', else to change your vote, click on 'CANCEL' and accordingly modify your vote.
- Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- Institutional Equity Shareholders (i.e. other than individuals, HUF, NRI etc) are required to send scanned copy (PDF/JPEG format) of the relevant Board Resolution / Authority letters etc., together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through the e-mail at satshah@gmail.com with a copy marked to helpdesk.evoting@cdslindia.com
- In case you have any queries or issues regarding e-voting, please contact helpdesk.evoting@cdslindia.com or the Investor relations officer of the Company at 022 2483 1234 or by email on shareservice@zee.esselgroup.com
- The scrutinizers' decision on the validity of the Postal Ballot shall be final and binding

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 258 OF 2014**

In the matter of the Companies Act, 1956 (1 of 1956) (or re-enactment thereof upon effectiveness of Companies Act, 2013);
AND

In the matter of Sections 391 to 394 read with Section 78 (corresponding provisions u/s 52 of Companies Act, 2013) and 100 to 104 of the Companies Act, 1956 (or any corresponding provisions of Companies Act, 2013 as may be notified);
AND

In the matter of Scheme of Arrangement
BETWEEN

Diligent Media Corporation Limited ("the Demerged Company" or "DMCL")

AND

Zee Entertainment Enterprises Limited ("the Resulting Company" or "ZEEL")

AND

their respective shareholders and creditors

ZEE ENTERTAINMENT ENTERPRISES LIMITED,)
a company incorporated under the provisions of)
the Companies Act, 1956 and having its registered)
office at Continental Building, 135, Dr. Annie Besant)
Road, Worli, Mumbai - 400 018, Maharashtra.)

.....Applicant Company

EXPLANATORY STATEMENT PURSUANT TO SECTION 393 OF THE COMPANIES ACT, 1956 AND SECTION 102 READ WITH SECTION 110 OF THE COMPANIES ACT, 2013

1. Pursuant to an Order passed by the Hon'ble High Court of Judicature at Bombay on 2nd day of May 2014 in the Company Summons for Direction No. 258 of 2014, the Hon'ble High Court of Judicature at Bombay had directed that a meeting of the Equity Shareholders of Zee Entertainment Enterprises Limited, the Applicant Company be convened and held at Nehru Auditorium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 on Wednesday, 4th day of June 2014 at 11.00 a.m. for the purpose of considering and if though fit, approving with or without modification(s), the proposed Scheme of Arrangement between Diligent Media Corporation Limited ("the Demerged Company" or "DMCL") and Zee Entertainment Enterprises Limited ("the Resulting Company" or "ZEEL") and their respective shareholders and creditors ('the Scheme' or 'this Scheme')
2. Additionally, in terms of Clause 5.16 of Securities and Exchange Board of India (SEBI) Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 as revised by Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, the said Scheme of Arrangement shall also be subject to the approval of Public Shareholders (i.e. Equity Shareholders other than those forming part of Promoter and Promoter Group) by passing an Ordinary Resolution through Postal Ballot / e-voting, as specified in the Notice of Postal Ballot forming part of this Notice booklet.
3. In this statement **Diligent Media Corporation Limited** is referred to as "DMCL" or "Demerged Company" and **Zee Entertainment Enterprises Limited** is referred to as "ZEEL" or "Applicant Company" or "Resulting Company". The other definitions contained in the Scheme of Arrangement between the Demerged Company and Resulting Company and their respective shareholders and creditors shall apply to this Explanatory statement also.
4. A copy of the Scheme of Arrangement between DMCL and ZEEL setting out in detail the terms and conditions of the demerger which has been approved by Board of Directors of the Applicant Company at the meeting held on 17th day of December, 2013, is attached to, and forms part of, this Explanatory Statement.
5. **Background:**
Zee Entertainment Enterprises Limited
 - 5.1 The Applicant Company was originally incorporated on 25th day of November, 1982 under the provisions of the Companies Act, 1956 under the name "Empire Holdings Limited." Subsequently, the name of the company changed to "Zee Telefilms Limited" on 8th day of September, 1992 and thereafter to its current name i.e. "Zee Entertainment Enterprises Limited" on the 10th day of January, 2007. The Corporate Identity No of the Company is L92132MH1982PLC028767.
 - 5.2 The Registered Office of the Applicant Company is situated at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

- 5.3 The authorised, issued, subscribed and paid-up share capital of the Applicant Company as on 31st March 2013 was as under:

Particulars	Amount in Rs.
Authorised Share Capital	
139,92,00,000 Equity Shares of Re. 1 each	139,92,00,000
Total	139,92,00,000
Issued, Subscribed and Paid-up Share Capital	
95,39,57,720 Equity Shares of Re. 1 each fully paid up	95,39,57,720
Total	95,39,57,720

The Applicant 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 2010. 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 31st March 2013. Subsequent to 31st March 2013, out of these options as on date of this Notice 64,91,000 Options got exercised upon which the Company had issued and allotted 64,91,000 Equity Shares of Re 1 each, resulting in the increase in paid-up share capital of the Company to Rs. 96,04,48,720 comprising of 96,04,48,720 Equity Shares of Re. 1 each.

Further in pursuance to a Scheme of Arrangement between the Company and its Equity Shareholders approved by Hon'ble Bombay High Court vide order passed on 20th day of December, 2013, the Applicant Company has subsequently issued and allotted 2016,94,23,120 - 6% Cumulative Redeemable Non Convertible Preference Shares of Re.1 each by way of bonus to its Equity Shareholders. Consequently the Authorised and Issued, Subscribed and Paid-up Capital of the Company as on date is as under:

Particulars	Amount in Rs.
Authorised Share Capital	
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
Issued, Subscribed & Paid-up Share Capital	
96,04,48,720 Equity Shares of Re. 1 each fully paid up	96,04,48,720
2016,94,23,120 – 6% Cumulative Redeemable Non Convertible Preference Shares of Re. 1 each	2016,94,23,120
Total	2112,98,71,840

- 5.4 The main objects of ZEEL as set out in its Memorandum of Association are briefly as under:-

"III. The objects for which the Company is established are:

MAIN OBJECTS OF THE COMPANY TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION:

1. "To invest the capital and other moneys of the Company in the purchase or upon the security of shares, stocks, debentures, debentures stock, bonds, mortgages, obligations, estates, buildings, land, business, manufacturing concerns and securities carrying on business in shares, stocks, debentures, debenture stocks, bonds, mortgages, obligations, estates, building, land, business, manufacturing concerns and securities carrying on business in shares, stocks, debenture stocks, bonds, mortgages, obligations and other securities of Commissioners, Trust, Municipal or Local Authority, Government, corporation, companies and to carry on the business of Underwriters, film financing, hire purchase financing, and to carry on business of financing industrial enterprises, trade and business to carry on the business of leasing Company.
2. To borrow, advance, deposit or lend moneys, securities and property from, to or with such persons and on such terms as may seem expedient, to discount, buy, sell and deal in bills, notes, warrants, coupons, import entitlements and other negotiable or transferable securities or documents, to guarantee or become liable for the payment of money or for the performance of obligations, and generally to transact guarantees and/or Trust business, Provided the Company shall not carry on Banking business as defined by Banking Regulation Act, 1949 and subject to the provisions of the Act and directives of Reserve Bank of India.

- 2(A). To manufacture, buy, sell, import, export, hire, take on lease, to exhibit, distribute and to deal in any other manner in films both of own manufacture other manufacture including Indian or Foreign, in India or elsewhere outside India and also to engage agents or representatives for the above or any other purposes of the company and to remunerate such agents, representatives and Cinematographic films and pictures and to engage Directors, Dialogue and Scenario writers Films Editors, Story writers and other persons, Technicians, Engineers, Sound Experts, Cameraman, Musicians, Art Directors, Artists, Painters, Carpenters and other experts necessary for conducting the business of the Company and to pay and remunerate persons so engaged.
- (B). To undertake, manage and otherwise engage in the business of Telecommunication, Telecasting, Broadcasting through Satellite, Terrestrial, Cable, Airborne, by hiring, taking on lease, purchase of transponders, Transmitters, microwaves, time slots or such modern means in India and abroad.
- (i) To buy, sell, procure, commission films and entertainment Software (Programmes) for their exhibition, distribution and dissemination on TV channels, be it satellite TV channels or terrestrial TV channels or cable channels or through DTH through Pay channels using existing and/or emerging technologies, including distribution via internet, or webcasting or exhibition in cinema and/or video theatres in all forms, be it as analogue signals or digital signals or through sale of physical material like cassettes including audio cassettes, video cassettes, digital video discs, CD ROM's etc"
- 5.5 ZEEL is engaged 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

Diligent Media Corporation Limited

- 5.6 The Demerged Company was incorporated on the 17th February 2005 under the provisions of Companies Act, 1956, in the name and style of "Diligent Media Corporation Limited". The Corporate Identity No. of the Demerged Company is U22120MH2005PLC151377.
- 5.7 The Registered Office of DMCL is situated at 11th floor, Tower-3, India Bulls Finance Centre, Senapati Bapat Marg, Elphinstone Road (West), Mumbai - 400013, Maharashtra.
- 5.8 The authorised, issued, subscribed and paid-up share capital of DMCL as on 31st March 2013 was as under:

Particulars	Amount in Rupees
Authorised Share Capital	
15,35,00,000 Equity Shares of Rs. 10/- each	1,53,50,00,000
Total	1,53,50,00,000
Issued, Subscribed and Paid-up Share Capital	
8,90,95,542 Equity Shares of Rs. 10/- each fully paid up	89,09,55,420
Total	89,09,55,420

Subsequent to 31st March 2013 there has been no change in the share capital structure of DMCL. The share application money pending allotment will not be converted into equity share capital until this Scheme of Arrangement is made effective.

- 5.9 The main objects of DMCL as set out in its Memorandum of Association are briefly as under: -

"III. The objects for which the Company is established are:

MAIN OBJECTS OF THE COMPANY TO BE PURSUED BY THE COMPANY ARE:

1. To carry on business to print, publish or otherwise carry on the business of publishing and distribution of newspapers, magazines, bulletins, periodicals, journals, general books, technical books, children's books, low priced paper books, text books and other literary works and undertaking catering to various interest pertaining to political, social, cultural, moral, commerce, industry and trade, medical, entertainment, agriculture, banking, law, insurance and other subjects.
- 1A. To engage in the production, commissioning, acquisition of copyrights of films, entertainment programmes, music, video, entertainment events, game shows, talk shows and to deal in such properties, whether in India or overseas for all kinds of exhibition and commercial exploitation of such rights, be it on satellite TV channels or cable pay channel or pay channel or through DTH through pay channels, or through web casting, or any such other new and emerging mode of distribution.

1B. *To undertake, manage and otherwise engage in the business of Telecasting, Broadcasting through Satellite Terrestrial cable, airborne by hiring, taking on lease, purchase of transponders, Transmitters, microwaves, time slots and such other modern means in India and abroad*"

- 5.10 DMCL is primarily engaged into two businesses i.e. (a) publishing of Daily News & Analysis (DNA), an English daily newspaper circulated in major metros in India and (b) the media business undertaking which conducts various events on empowerment of women, education, automobiles, real estate, etc. The media business undertaking also comprises of a license of a Non-News television channel and certain registered Intellectual Properties for television formats of various gaming based shows.

6. Description and Rationale for the Transaction

Description

- 6.1. The proposed Scheme envisages demerger of Media Business Undertaking from DMCL vesting with ZEEL on a going concern basis and in consideration thereof issuance of Preference shares by ZEEL to the Equity Shareholders of DMCL under Section 391 to 394 read with Section 78 (corresponding provisions of Section 52 of the Companies Act, 2013) and Sections 100 to 104 of the Companies Act, 1956 (or any corresponding provisions of Companies Act, 2013) with effect from the Appointed Date i.e. closing hours of business on 31st day of March 2014 ("**the Appointed Date**"),

Rationale

- 6.2. Events form an important and integral part of every television channel and there has been increasing trend in number of events interspersed with staple programming (soaps). These events, besides providing likeable low cost contents, act as catalyst for reinforcing connect with viewers and advertisers both on the ground as well as on screen.
- 6.3. The Resulting Company being a major player in the Media and entertainment space is planning to give an impetus to its events management capabilities and could benefit from the Media Business Undertaking of DMCL, which revolve around various events on empowerment of women, education, automobiles, real estate etc. The Resulting Company may also benefit from a license for a non news and current affairs television channel currently vested with DMCL and certain registered Intellectual Properties for television formats of various gaming based shows held by DMCL.
- 6.4. In light of the above, it is proposed that the Media Business Undertaking of DMCL is consolidated with the Resulting Company by way of demerger from DMCL and vesting into the Resulting Company pursuant to the Scheme of Arrangement between DMCL and ZEEL and their respective shareholders and creditors under Section 391 to 394 of the Companies Act, 1956.
- 6.5. The proposed demerger is expected to be beneficial to both DMCL and ZEEL and their respective shareholders, creditors and all other stakeholders and will enable DMCL and ZEEL to achieve and fulfill their objectives more efficiently and economically.

7. The salient features of the Scheme are as follows:

- 7.1. The Appointed Date for the proposed Scheme of Arrangement shall be closing hours of business on 31st day of March 2014 or such other date as may be fixed or approved by the Hon'ble High Court of Judicature at Bombay and shall be effective from the last of the dates on which the certified copy of the Order of the Hon'ble High Court of Judicature at Bombay sanctioning the Scheme of Arrangement is filed by DMCL and ZEEL with the Registrar of Companies, Mumbai, Maharashtra.
- 7.2. "Media Business Undertaking" or "Media Business" means any and all assets and liabilities of, appertaining or relating to, the event management activities of DMCL on the Appointed Date. Without limiting the generality of the foregoing, such undertaking shall include but not limited to all assets (movable or immovable, tangible or intangible), license for a non news and current affairs television channel including any rights attached thereto, broadcasting rights, programming rights, telecasting rights or any other right of similar nature, records, the operations, licenses, deferred tax asset, tax credits (including service tax credit), the liabilities and obligations. It shall also include any personnel, intellectual property rights including rights registered for television formats of gaming based shows, or such other rights or tangible or intangible properties belonging to, or forming part of, or relating or appertaining to, or attributable to the division identified as the Media Business of DMCL.

For the purpose of the proposed Scheme, it is clarified that liabilities pertaining to the Media Business of DMCL shall include:

- (a) The liabilities, which arise out of the activities or operations of the Media Business of DMCL.
- (b) Specific loans and/or other financing facilities raised, incurred and / or utilized solely for the activities or operations of the Media Business of DMCL.
- (c) Liabilities other than those referred to in Sub-Clauses (a) and (b) above, and not directly relating to the remaining business of DMCL, being the amounts of general or multipurpose borrowings of DMCL, allocated to the Media Business of DMCL in the same proportion which the value of the assets transferred bears to the total value of the assets of DMCL immediately before giving effect to the proposed Scheme.

- (i) All permanent employees of DMCL employed in and / or relatable to the Media Business of DMCL as on the Effective Date; and
 - (ii) Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Media Business of DMCL or whether it arises out of the activities or operations of the Media Business of DMCL or otherwise shall be decided by mutual agreement between the Board of Directors of DMCL and ZEEL.
- 7.3. "Remaining Business of DMCL" means all the undertakings, businesses, activities and operations of DMCL other than Media Business of DMCL and specifically including the publishing business.
- 7.4. With effect from the Appointed Date, the whole of the undertaking, assets and liabilities of the Media Business Undertaking of DMCL as defined shall stand transferred to and vested in and / or deemed to be transferred to and vested in ZEEL so as to vest in ZEEL all rights, title and interest pertaining to the Media Business.
- 7.5. Upon coming into effect of the Scheme, in consideration of demerger of Media Business of DMCL with ZEEL, the Equity Shareholders of DMCL as on Effective Date will be issued and allotted
- "1 (One) fully paid Preference Share of Re. 1 (Rupee One) each of ZEEL for every 4 (Four) Equity Shares of Rs. 10/- (Rupees Ten) each held in DMCL, which shall result in issuance of 2,22,73,886 Preference Shares of Re. 1 each by ZEEL to shareholders of DMCL"**
- 7.6. No coupons shall be issued in respect of fractional entitlements, if any, by ZEEL, to the Equity Shareholders of DMCL at the time of issue and allotment of Preference Shares as mentioned above. In case any equity shareholder's holding in DMCL is such that the said shareholder becomes entitled, to a fraction of Preference Share of ZEEL, ZEEL shall at its discretion round off the said entitlement to the nearest integer and allot Preference Shares accordingly.
- 7.7. The Preference shares specified above shall be issued and allotted on the terms and conditions set out in Schedule I to the Scheme.
- 7.8. The Preference Shares to be issued to the Equity Shareholders of DMCL pursuant to this Scheme will not be listed on any of the stock exchanges in India, unless required under any regulations and/or the listing guidelines.

Accounting Treatment in the books of ZEEL

- 7.9. ZEEL shall record the assets and liabilities, pertaining to the Media Business, at the respective book values as on the Appointed Date.
- 7.10. ZEEL shall credit to its share capital account, the aggregate face value of the Preference Shares issued by it pursuant to the Scheme.
- 7.11. Surplus if any, arising out of the excess of net assets of the Media Business vested with and recorded by ZEEL in terms of Clause 7.9 above, over the amount credited as share capital, shall be credited to General Reserve Account. The deficit, if any, shall be debited to General Reserve Account.

Accounting Treatment in the books of DMCL

- 7.12. Upon the Scheme becoming effective, DMCL shall reduce the book value of assets and liabilities pertaining to the Media Business.
- 7.13. The difference between the amount of assets and liabilities so transferred to ZEEL shall be adjusted against Securities Premium Account of DMCL.
- 7.14. To the extent the balance in Securities Premium Account is adjusted as per clause 7.13 above, there shall be reduction of Securities Premium Account which shall be effected as an integral part of the Scheme itself in accordance with the provisions of Section 52 of Companies Act, 2013 (corresponding to Section 78 of the Companies Act, 1956) and Sections 100 to 104 of the Companies Act, 1956 (or any corresponding provisions of Companies Act, 2013 as may be notified), however, as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital, the provisions of Section 101 of the Companies Act, 1956 are not applicable. Therefore any order under Section 102 of the Companies Act, 1956 confirming the reduction shall not be required.
- 7.15. All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne by ZEEL.
- 7.16. The Scheme is conditional upon and subject to:
- i. The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.
 - ii. The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of DMCL and ZEEL as may be directed by the Hon'ble High Court of Judicature at Bombay or any other competent authority, as may be applicable.
 - iii. The approval by the requisite majority of such Equity Shareholders of ZEEL as required under the listing agreements entered in to by ZEEL with the Stock Exchanges and / or SEBI Guidelines / Regulations;

- iv. The Scheme being sanctioned by the High Court of Judicature at Bombay or any other authority under Sections 391 to 394 of the Act.
 - v. Certified copy of the Order of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra, at Mumbai by DMCL and ZEEL.
- 7.17. In the event of any of the said sanctions and approvals referred to above not being obtained and / or the Scheme not being sanctioned by the High Court or such other competent authority and / or the order or orders not being passed as aforesaid before September 30, 2014 or such other date as may be agreed by the respective Board of Directors of DMCL and ZEEL may determine, the Scheme shall become null and void, and each party shall bear and pay their respective costs, charges and expenses in connection with the proposed Scheme.

The features set out above being only the salient features of the Scheme of Arrangement, the Shareholders are requested to read the entire text of the Scheme annexed hereto to get fully acquainted with the provisions thereof.

8. In accordance with the Circular No. CIR/CFD/DIL/5/2013 issued by the Securities and Exchange Board of India ("SEBI") on February 4, 2013 as amended vide Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, the Audit Committee of the Board of Directors of the Applicant Company had on December 17, 2013 recommended the proposed Scheme of Arrangement for approval of the Board.
9. The proposed Scheme of Arrangement was approved by the Board of Directors of the Applicant Company at the meeting held on December 17, 2013 after considering the recommendations of the Audit Committee, Valuation Report dated December 16, 2013 issued by independent valuers M/s. Sharp & Tannan, Chartered Accountants and Fairness Opinion dated December 17, 2013 of an independent Merchant Banker, M/s. Axis Capital Ltd.
10. Pursuant to the Scheme, 2,22,73,886 Preference Shares of Re. 1 each of ZEEL shall be issued and allotted to the Equity Shareholders of DMCL and therefore, there would not be any change in Equity Shareholding Pattern of the Company Pre and Post the Arrangement. The Equity Shareholding Pattern of the Company Pre and Post Arrangement based on Equity Shareholding pattern as at 31st March 2014 is given below:

Sr		Pre & Post Arrangement	
		No of Equity Shares	% of Shareholding
(A)	Shareholding of Promoter and Promoter Group		
(1)	Indian Promoters		
	Bodies Corporate	24,14,03,408	25.13
	Sub-total (1)	24,14,03,408	25.13
(2)	Foreign Promoters		
	Bodies Corporate	17,22,66,804	17.94
	Sub-total (2)	17,22,66,804	17.94
	Total(1+2) (A)	41,36,70,212	43.07
(B)	Public Shareholding		
(1)	Institutions		
	Mutual Funds/UTI	3,23,98,465	3.37
	Financial Institutions/Banks	85,850	0.01
	Insurance Companies	3,77,484	0.04
	Foreign Institutional Investors	46,04,85,666	47.94
	Foreign Banks	17,515	0.00
	Sub-Total (1)	49,33,64,980	51.37
(2)	Non - Institutions		
	Bodies Corporate	2,90,40,022	3.02
	Individuals		
	Individuals holding shares upto Rs. 1 lakh in nominal value	1,84,04,851	1.92
	Individuals holding share in excess of Rs. 1 lakh in nominal value	28,72,089	0.30
	Quallified Foreign Investor	125	0.00

	Foreign Bodies	93,952	0.01
	Overseas Corporate Body	33,838	0.00
	Foreign National	3,690	0.00
	NRI	26,94,651	0.28
	Trusts	2,70,310	0.03
	Sub-Total (2)	5,34,13,528	5.56
	Total (1+2) (B)	54,67,78,508	56.93
	Total (A+B)	96,04,48,720	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued		
1	Promoter and Promoter Group	0	
2	Public	0	
	Total (C)	0	
	TOTAL (A+B+C)	96,04,48,720	100

11. In terms of Clause 24(f) of the Listing Agreement with Stock Exchanges, ZEEL has received communications dated March 25, 2014 from BSE Limited and National Stock Exchange of India Limited, respectively conveying their no objection to the Scheme. The Company has also complied with the requirements set out in such No-objection letters issued by the Stock Exchanges.
12. On the Scheme being approved at the Court Convened Meeting by the Equity / Preference Shareholders as per the requirements of Section 391 of the Companies Act, 1956, and upon approval of the Public Shareholders (i.e. Equity Shareholders other than those forming part of Promoter and Promoter Group) by passing an Ordinary resolution by way of Postal Ballot in pursuance of SEBI requirements, the Demerged Company and Resulting Company will seek the sanction of the Hon'ble Bombay High Court to the Scheme.
13. The rights and interests of the creditors of the Applicant Company will not be prejudicially affected by the Scheme, as the Applicant Company post the Scheme will be able to meet its liabilities as they arise in the ordinary course of business. Further, the rights and interests of the shareholders and creditors of the Applicant Company will not be prejudicially affected by the Scheme as no sacrifice or waiver is, at all, called from them nor are their rights sought to be modified in any manner.
14. No investigation proceedings are pending against ZEEL under Sections 235 to 251 of the Companies Act, 1956 (or corresponding provisions of Companies Act, 2013).
15. No winding up petitions have been pending and/or admitted against ZEEL.
16. The Directors and Key Managerial Personnel of the Applicant Company & the Demerged Company may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in the respective companies or to the extent said directors are common directors in the Companies or to the extent said directors are the partners, directors, members of the companies, firms, association of persons, bodies corporate and/or beneficiary of trust that hold shares in any of the companies or to the extent they may be allotted Preference shares in ZEEL as a result of the Scheme. Save as aforesaid, none of the Directors and Key Managerial Personnel of the Applicant Company have any material interest in the proposed Scheme.
17. The extent of the shareholding of the Directors and Key Managerial Personnel of ZEEL, in ZEEL and DMCL either singly or jointly or as nominee as on 2nd May 2014 is as under:

Name of Director and Key Managerial Personnel of ZEEL	Designation	Shares held in ZEEL		Equity shares held in DMCL
		Equity	Preference	
Mr. Subhash Chandra	Non-Executive Chairman	-	-	-
Mr. Subodh Kumar	Executive Vice Chairman	-	-	-
Mr. Punit Goenka	Managing Director & Chief Executive Officer	-	-	10*
Mr. Ashok Kurien	Non-Executive Director	-	-	-
Prof. R Vaidyanathan	Independent Director	20,000	4,20,000	-

Lord Gulam Noon	Independent Director	40,000	8,40,000	-
Prof Sunil Sharma	Independent Director	-	-	-
Prof Neharika Vohra	Independent Director	-	-	-
Mr. Mihir Modi	Chief Financial Officer	-	-	-
Mr. M Lakshminarayanan	Company Secretary	-	-	-

** Held as 2nd Joint Holder with the Holding Company of DMCL*

18. The extent of the shareholding of the Directors and Key Managerial Personnel of DMCL, in DMCL and ZEEL either singly or jointly or as nominee as on 2nd May 2014 is as under:

Name of the Director and Key Managerial Personnel of DMCL	Designation	Equity shares held in DMCL	Shares held in ZEEL	
			Equity	Preference
Amit Goenka	Non-Executive Director	-	-	-
Himanshu Mody	Non-Executive Director	10*	61,900	5,30,327
Mukund Galgali	Non-Executive Director	-	-	-
Deepak Rathi	Manager	-	-	-

** Held as 2nd Joint Holder with the Holding Company of DMCL*

INSPECTION

19. The following documents will be kept open for inspection at the Registered Office of the Applicant Company on all working days (except Saturdays, Sundays and Public holidays) between 11:00 am and 1:00 pm upto one day prior to the date of the meeting:
- Memorandum and Articles of Association of the Demerged Company and Resulting Company;
 - Scheme of Arrangement;
 - The Audited Financial Statements of the Resulting Company for last three financial years ended 31st March 2013, 31st March 2012, and 31st March 2011;
 - The Audited Financial Statements of the Demerged Company as on 31st March 2013 and 30th September 2013;
 - Certified copy of the Order dated 2nd day of May 2014 passed by the Hon'ble High Court of Judicature at Bombay in Company Summons for Direction No. 258 of 2014 for the Resulting Company;
 - Copy of the resolutions passed by the Board of Directors of the Resulting Company and Demerged Company approving the Scheme;
 - Copy of the no objection / observation letters relating to the Scheme issued by BSE Limited and National Stock Exchange of India Limited respectively on 25th March 2014;
 - Complaints Report dated 21st January 2014 relating to the Scheme submitted by the Applicant Company to BSE Limited and National Stock Exchange of India Limited;
 - Copy of Networth Certificate dated 19th December 2013 issued by M/s Manish P. Jain & Associates, Mumbai certifying the Networth of ZEEL based on audited financial statement as on 31st March 2013, pre and post Arrangement;
 - Copy of the Valuation Report dated 16th December 2013 issued by M/s. Sharp & Tannan, Chartered Accountants, Mumbai recommending share exchange ratio; and
 - Copy of the Fairness Opinion dated 17th December 2013 issued by Category I Merchant Banker, Axis Capital Limited on share exchange ratio.

This statement may be treated as an Explanatory Statement under Section 393 of the Companies Act, 1956 and Section 102 read with Section 110 of the Companies Act, 2013. A copy of the Scheme, Explanatory Statement, Form of Proxy may be obtained from the registered office of the Applicant Company and/or at the office of its Advocates – M/s. Hemant Sethi & Co., 1602, Nav Parmanu, Behind Amar Cinema, Chembur, Mumbai 400 071.

S/d
Subhash Chandra
Chairman appointed for the meeting

Mumbai, dated this 7th day of May, 2014

Registered office:
Continental Building,
135, Dr. Annie Besant Road,
Worli, Mumbai – 400 018

**SCHEME OF ARRANGEMENT
BETWEEN
DILIGENT MEDIA CORPORATION LIMITED....THE DEMERGED COMPANY
AND
ZEE ENTERTAINMENT ENTERPRISES LIMITEDTHE RESULTING COMPANY
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

(A) PREAMBLE

This Scheme of Arrangement ("the Scheme") is presented under Sections 391 to 394 read with Section 78 and Sections 100 to 104 and other applicable provisions of the Companies Act, 1956 and any corresponding provisions of the Companies Act, 2013 upon their notification (including any statutory modifications(s) or re-enactment(s) thereof for the time being in force) applicable to arrangements, for demerger of Media Business Undertaking (as defined hereinafter) from Diligent Media Corporation Limited ("DMCL" or "the Demerged Company") vesting with Zee Entertainment Enterprises Limited ("ZEEL" or "the Resulting Company"), on a going concern basis, pursuant to the relevant provisions of the Companies Act, 1956. This Scheme also provides for various other matters consequential or otherwise integrally connected therewith.

(B) RATIONALE FOR THE SCHEME

1. Events form an important and integral part of every television channel and there has been increasing trend in number of events interspersed with staple programming (soaps). These events, besides providing likeable low cost contents, act as catalyst for reinforcing connect with viewers and advertisers both on the ground as well as on screen.
2. The Resulting Company being a major player in the Media and entertainment space is planning to give an impetus to its events management capabilities and could benefit from the Media Business Undertaking of DMCL, which revolve around various events on empowerment of women, education, automobiles, real estate etc. The Resulting Company may also benefit from a license for a non news and current affairs television channel currently vested with DMCL and certain registered Intellectual Properties for television formats of various gaming based shows held by DMCL.
3. In light of the above, it is proposed that the Media Business Undertaking of DMCL is consolidated with the Resulting Company by way of demerger from DMCL and vesting into the Resulting Company pursuant to the Scheme of Arrangement between DMCL and ZEEL and their respective shareholders and creditors under Section 391 to 394 of the Companies Act, 1956.
4. The proposed demerger is expected to be beneficial to both DMCL and ZEEL and their respective shareholders, creditors and all other stakeholders and will enable DMCL and ZEEL to achieve and fulfill their objectives more efficiently and economically.

(C) Parts of the Scheme:

This Scheme of Arrangement is divided into the following parts:

- (i) **PART I** deals with the definitions and share capital;
- (ii) **PART II** deals with (a) the transfer and vesting of Media Business Undertaking of DMCL; (b) issue of preference shares to the shareholder(s) of DMCL by ZEEL and;
- (iii) **PART III** which deals with general terms and conditions applicable to this the Scheme of Arrangement.

**PART I
DEFINITIONS AND SHARE CAPITAL**

1. DEFINITIONS

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

- 1.1 **"Act" or "the Act"** means the Companies Act, 1956 as amended and any corresponding provisions of the Companies Act, 2013 upon their notification (including any statutory modifications(s) or re-enactment(s) thereof), for the time being in force, which may relate or applicable to arrangements.
- 1.2 **"Appointed Date"** means closing hours of business on 31st day of March, 2014 or such other date as may be fixed or approved by the High Court of Judicature at Bombay.
- 1.3 **"Court" or "High Court"** means the High Court of Judicature at Bombay and shall include the National Company Law Tribunal, if and when applicable;
- 1.4 **"Effective Date"** means the last of the dates on which the certified copy of the Order of the High Court of Judicature at Bombay sanctioning the Scheme of Arrangement is filed by DMCL and ZEEL with the Registrar of Companies, Mumbai, Maharashtra.

- 1.5 **"DMCL" or "the Demerged Company"** means Diligent Media Corporation Limited, a Company incorporated under the Companies Act, 1956 having CIN U22120MH2005PLC151377 and having its registered office at 11th floor, Tower-3, India Bulls Finance Centre, Senapati Bapat Marg, Elphinstone Road (West), Mumbai - 400013, Maharashtra.
- 1.6 **"Media Business Undertaking" or "Media Business"** means any and all assets and liabilities of, appertaining or relatable to, the event management activities of DMCL on the Appointed Date. Without limiting the generality of the foregoing, such undertaking shall include but not limited to all assets (movable or immovable, tangible or intangible), license for a non news and current affairs television channel including any rights attached thereto, broadcasting rights, programming rights, telecasting rights or any other right of similar nature, records, the operations, licenses, deferred tax asset, tax credits (including service tax credit), the liabilities and obligations. It shall also include any personnel, intellectual property rights including rights registered for television formats of gaming based shows, or such other rights or tangible or intangible properties belonging to, or forming part of, or relating or appertaining to, or attributable to the division identified as the Media Business of DMCL.
- For the purpose of this Scheme, it is clarified that liabilities pertaining to the Media Business of DMCL shall include:
- The liabilities, which arise out of the activities or operations of the Media Business of DMCL.
 - Specific loans and/or other financing facilities raised, incurred and / or utilized solely for the activities or operations of the Media Business of DMCL.
 - Liabilities other than those referred to in Sub-Clauses (a) and (b) above, and not directly relatable to the remaining business of DMCL, being the amounts of general or multipurpose borrowings of DMCL, allocated to the Media Business of DMCL in the same proportion which the value of the assets transferred under this Clause 1.6 bears to the total value of the assets of DMCL immediately before giving effect to this Scheme.
 - All permanent employees of DMCL employed in and / or relatable to the Media Business of DMCL as on the Effective Date; and
 - Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Media Business of DMCL or whether it arises out of the activities or operations of the Media Business of DMCL or otherwise shall be decided by mutual agreement between the Board of Directors of DMCL and ZEEL.
- 1.7 **"Remaining Business of DMCL"** means all the undertakings, businesses, activities and operations of DMCL other than Media Business of DMCL and specifically including the publishing business;
- 1.8 **"Scheme" or "the Scheme" or "this Scheme"** means this Scheme of Arrangement in its present form as submitted to the Honorable High Court of Judicature at Bombay or this Scheme with such modification(s), if any made, as per Clause 14 of the Scheme;
- 1.9 **"ZEEL" or "the Resulting Company"** means Zee Entertainment Enterprises Limited, a Company incorporated under the Companies Act, 1956 having CIN L92132MH1982PLC028767 and having its registered office at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai - 400 018, Maharashtra.

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, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

2. SHARE CAPITAL

2.1 The authorized, issued, subscribed and paid-up share capital of DMCL as on March 31, 2013 is as under:

Share Capital	Amount in Rs.
Authorized Share Capital	
153,500,000 Equity shares of Rs.10/- each	1,535,000,000
TOTAL	1,535,000,000
Issued, Subscribed and Paid-up Share Capital	
89,095,542 Equity shares of Rs.10/- each fully paid up	890,955,420
TOTAL	890,955,420

Subsequent to March 31, 2013, there has been no change in the share capital structure of DMCL. The share application money pending allotment will not be converted into equity share capital until this scheme of arrangement is made effective.

- 2.2 The authorized, issued, subscribed and paid-up share capital of ZEEL as on March 31, 2013 is as under:

Share Capital	Amount in Rs.
Authorised Share Capital	
139,92,00,000 Equity Shares of Re. 1 each	139,92,00,000
TOTAL	139,92,00,000
Issued, Subscribed and Paid-up Share Capital	
95,39,57,720 Equity Shares of Re. 1 each fully paid up	95,39,57,720
TOTAL	95,39,57,720

ZEEL 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 2010. 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 as on December 17 2013, 62,99,400 Options got exercised upon which the Company has issued and allotted 62,99,400 Equity Shares of Re 1 each, resulting in the increase in paid-up share capital of the Company to Rs. 96,02,57,120 comprising of 96,02,57,120 Equity Shares of Re. 1 each.

arrangement approved by its Board of Directors in June 2013 which is pending for certain statutory / regulatory approvals. Pursuant to the said scheme becoming effective, the authorised share capital of ZEEL will stand increased to, and reclassified, as under:

Share Capital	Amount in Rs.
Authorized Share Capital	
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

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme as set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court shall be effective from the Appointed Date, but shall be operative from the Effective Date.

PART II

TRANSFER AND VESTING OF MEDIA BUSINESS UNDERTAKING OF DMCL INTO ZEEL

4. VESTING OF MEDIA BUSINESS

- 4.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, the whole of the undertaking, assets and liabilities, debts and properties of the Media Business as defined in Clause 1.6 shall pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions, if any, of the Act any corresponding provisions of the Companies Act, 2013 and without any further act or deed shall stand transferred to and vested in and / or be deemed to be transferred to and vested in ZEEL so as to vest in ZEEL all rights, title and interest pertaining to the Media Business.
- 4.2 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions, approvals or consents relating to, vested with, and/or held by DMCL required to carry on operations of the Media Business shall stand vested in or transferred to ZEEL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of ZEEL. The benefit of all such statutory and regulatory permissions, registration or other licenses, and consents shall vest in and become available to ZEEL pursuant to the Scheme.
- 4.3 All existing securities, mortgages, charges, encumbrances or liens, if any, as on the Appointed Date, over the assets comprised in the Media Business transferred to and vested with ZEEL by virtue of this Scheme and in so far as such securities, mortgages, charges, encumbrances or liens secured or relate to liabilities of the Media Business, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date. Such assets as are transferred to ZEEL pursuant to this Scheme and such securities, mortgages, charges, encumbrances or liens shall not relate or attach to any of the other assets of ZEEL.

- 4.4 Any existing encumbrances over the assets and properties of ZEEL or any part thereof which relate to the liabilities and obligations of ZEEL prior to the Effective Date shall continue to relate only to such of those assets and properties of ZEEL and shall not extend or attach to any of the assets and properties of the Media Business transferred to and vested in ZEEL by virtue of this Scheme.
- 4.5 Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, sales / service tax credits, holidays, incentives, concessions and other authorizations relating to Media Business shall stand transferred pursuant to the Order of the Court to ZEEL, ZEEL shall file relevant intimations as required for the record of the statutory authorities who shall take them on file, pursuant to the Order of the Court.
- 4.6 This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with the intent of Section 2(19AA) of the Income-tax Act, 1961 or any statutory modification(s) thereof. Such modification will however not affect other parts of the Scheme.
- 4.7 It is hereby clarified that nothing contained in the Scheme shall, in any manner, affect any Remaining Business of DMCL now or hereafter carried out by DMCL.

5. ISSUE OF SHARES BY ZEEL

- 5.1 Upon coming into effect of the Scheme and in consideration for the transfer and vesting of the Media Business in ZEEL, ZEEL shall, without any further application or deed, issue and allot preference shares, credited as fully paid up, to the members of DMCL whose name appears in the Register of Members of DMCL as on the Effective Date or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, in the ratio of

"1 (One) fully paid Preference Share of Re. 1 (Rupee One) each of ZEEL for every 4 (Four) Equity Shares of Rs. 10/- (Rupees Ten) each held in DMCL, which shall result in issuance of 2,22,73,886 Preference Shares of Re. 1 each by ZEEL to shareholders of DMCL."
- 5.2 No coupons shall be issued in respect of fractional entitlements, if any, by ZEEL, to the members of DMCL at the time of issue and allotment of Preference Shares under Clause 5.1. In case any equity shareholder's holding in DMCL is such that the said shareholder becomes entitled, pursuant to Clause 5.1 above, to a fraction of Preference Share of ZEEL, ZEEL shall at its discretion round off the said entitlement to the nearest integer and allot Preference Shares accordingly.
- 5.3 The Preference shares specified in clause 5.1 of this Scheme shall be issued and allotted on the terms and conditions set out in Schedule I to this Scheme.
- 5.4 The Preference Shares to be issued to the members of DMCL pursuant to clause 5.1 of this Scheme will not be listed on any of the stock exchanges in India, unless required under any regulations and/or the listing guidelines.
- 5.5 Approval of this Scheme by the shareholders of ZEEL shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and/or applicable provisions of the Act for the issue and allotment of Preference Shares by ZEEL to the shareholders of DMCL, as provided for in this Scheme. If required, ZEEL will increase / alter / modify its capital structure, for issuance of such preference shares under this Scheme.

6. ACCOUNTING TREATMENT IN THE BOOKS OF DMCL AND ZEEL

6.1 IN THE BOOKS OF ZEEL

- 6.1.1 ZEEL shall record the assets and liabilities, pertaining to the Media Business, at the respective book values as on the Appointed Date.
- 6.1.2 ZEEL shall credit to its share capital account, the aggregate face value of the Preference Shares issued by it pursuant to Clause 5.1 of this Scheme.
- 6.1.3 Surplus if any, arising out of the excess of net assets of the Media Business vested with and recorded by ZEEL in terms of clause 6.1.1 above, over the amount credited as share capital, shall be credited to General Reserve Account. The deficit, if any, shall be debited to General Reserve Account.
- 6.1.4 The accounting methods and policies currently followed by ZEEL shall prevail and difference, if any, on the methods or policies followed by the Media Business of DMCL will be adjusted suitably in the General Reserve Account of ZEEL.

6.2 IN THE BOOKS OF DMCL

- 6.2.1 Upon the Scheme becoming effective, DMCL shall reduce the book value of assets and liabilities pertaining to the Media Business.
- 6.2.2 The difference between the amount of assets and liabilities so transferred to ZEEL shall be adjusted against Securities Premium Account of DMCL.
- 6.2.3 To the extent the balance in Securities Premium Account is adjusted as per clause 6.2.2 above, there shall be reduction of Securities Premium Account which shall be effected as an integral part of the Scheme itself in accordance with the provisions of Section 78 and Sections 100 to 104 of the Act, however, as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital, the provisions of Section 101 of the Act are not applicable. Therefore any order under Section 102 of the Act confirming the reduction shall not be required.

PART III GENERAL TERMS AND CONDITIONS

7. TRANSACTIONS UPTO THE EFFECTIVE DATE

- 7.1 With effect from the Appointed Date and up to and including the Effective Date:
 - (a) DMCL shall carry on and be deemed to have carried on the business and activities in relation to the Media Business and shall stand possessed of the properties and assets relating to the Media Business for and in trust for ZEEL and all profits / losses accruing on account of the Media Business shall for all purposes be treated as profits / losses of ZEEL.
 - (b) DMCL shall not, without the prior written consent of the Board of Directors of ZEEL, or pursuant to any pre-existing obligation, sell, transfer or otherwise alienate, charge, mortgage or encumber or otherwise deal with or dispose of the undertaking relating to the Media Business or any part thereof except in the ordinary course of its business.
 - (c) DMCL shall not vary the terms and conditions of service of its permanent employees relating to the Media Business except in the ordinary course of its business.
- 7.2 With effect from the date of approval to the Scheme by Board of directors of DMCL and ZEEL until the Effective Date, DMCL shall carry on the business and activities of Media Business with reasonable diligence and business prudence for and in trust for ZEEL; Further, DMCL shall not engage in any corporate restructuring exercise including any merger and / or demerger which may affect the Media Business without the prior written consent of ZEEL.

8. DECLARATION OF DIVIDEND, BONUS, ETC.

- 8.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent ZEEL from declaring and paying dividends, whether interim or final, to its equity or preference shareholders as on the respective record date(s) for the purposes of payment of any such dividend.
- 8.2 DMCL shall not utilize the profits or income, if any, relating to the Media Business for the purpose of declaring or paying any dividend to its shareholders or for any other purpose in respect of the period falling on and after the Appointed Date and upto the Effective Date.
- 8.3 DMCL shall not without the prior written consent of ZEEL, alter its issued, subscribed and paid up equity capital structure, whether by way of increase (by issue of any share on rights basis, bonus or otherwise), decrease, reduce, re-classify, sub-divide or consolidate, re-organise which may in any manner directly or indirectly alter or affect or change the share exchange ratio mentioned in clause 5.1 above and the preference shares to be issued by ZEEL.
- 8.4 It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member/shareholder of DMCL and/ or ZEEL to demand or claim any dividends which, subject to the provisions of the Act, shall subject to clauses 8.1 to 8.3 be entirely at the discretion of the respective Boards of Directors of DMCL and ZEEL and subject, wherever necessary, to the approval of the shareholders of DMCL and ZEEL, respectively.

9. EMPLOYEES

- 9.1 On the Scheme becoming effective, all staff and employees of DMCL pertaining to Media Business who are in service as on the Effective Date shall become staff and employees of ZEEL without any break in their service and on the basis of continuity of service. ZEEL agrees that the service of all such employees with DMCL, up to the Effective Date shall be taken into account for purposes of all retirement benefits to which they may be eligible as on the Effective Date. Any question that may arise as to whether any staff or employee belongs to or does not belong to Media Business of DMCL shall be mutually decided by Board of Directors of DMCL and ZEEL.

- 9.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or such other Special Fund, if any, or Trusts (hereinafter collectively referred as 'Funds') created for the benefit of the staff and employees of Media Business of DMCL shall, with the approval of the concerned authorities, become Funds of ZEEL, or shall be transferred to or merged with other similar funds of ZEEL for all purposes whatsoever in relation to the administration or operation of such Funds or in relation to the obligation to make contributions to the said Funds in accordance with the provisions of respective Trust Deeds, to the end and intent that all rights, duties, powers and obligations of DMCL in relation to such Funds shall become those of ZEEL. It is clarified that the services of the staff and employee will be treated as having been continuous for the purpose of the said Funds.

10. LEGAL PROCEEDINGS

- 10.1 All legal proceedings of whatsoever nature by or against DMCL pending and/or arising before the Effective Date and relating to the Media Business, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme, but shall be continued and enforced by or against ZEEL, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against DMCL.
- 10.2 All legal proceeding taken against ZEEL in respect of the matters referred to in the sub-clause 10.1 above, shall be defended by ZEEL at the cost of DMCL acting reasonably, and DMCL undertakes to reimburse and indemnify ZEEL against all liabilities and obligations incurred by ZEEL in respect thereof.

11. CONTRACTS, DEEDS, ETC.

- 11.1 Notwithstanding anything to the contrary, and subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the Media Business of DMCL, shall continue in full force and effect against or in favour of ZEEL, and may be enforced effectively by or against ZEEL as fully and effectually as if, instead of DMCL, ZEEL had been a party thereto from inception.
- 11.2 ZEEL may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which DMCL is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. ZEEL shall be deemed to be authorised to execute any such writings on behalf of DMCL and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of DMCL.

12. SAVING OF CONCLUDED TRANSACTIONS

- 12.1 The transfer and vesting of the Media Business as above and the continuance of proceedings by or against DMCL in relation to the Media Business shall not affect any transaction or proceedings already concluded on or after the Appointed Date till the Effective Date, to the end and intent that ZEEL accepts and adopts all acts, deeds and things done and executed by DMCL in respect thereto from the Appointed Date as done and executed on behalf of ZEEL.

13. APPLICATIONS TO HIGH COURT

- 13.1 DMCL and ZEEL shall, as may be required and applicable, make applications and/or petitions under Sections 391 to 394 read with Section 78 and Sections 100 to 104 and other applicable provisions of the Act to the High Court of Judicature at Bombay or such other appropriate authority for sanction of this Scheme and all matters ancillary or incidental thereto.
- 13.2 DMCL and ZEEL shall cooperate with each other and shall take such steps as necessary or desirable including making applications, submissions, etc to give effect to the transaction contemplated herein.

14. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 14.1 DMCL and ZEEL with approval of their respective Boards of Directors may consent, from time to time, on behalf of all persons concerned, to any modifications/amendments or additions/deletions to the Scheme which may otherwise be considered necessary, desirable or appropriate by the said Boards of Directors to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds matters, and things necessary for bringing this Scheme into effect or agree to any terms and / or conditions or modifications or limitations that the Hon'ble Court or any other authorities under law may deem fit to approve of, to direct and /or impose. The aforesaid powers of DMCL and ZEEL to give effect to the modification/amendments to the Scheme may be exercised by their respective Boards of Directors subject to approval of the Hon'ble Court or any other authorities under applicable law.

15. CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

- 15.1 The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.
- 15.2 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of DMCL and ZEEL as may be directed by the Hon'ble High Court of Judicature at Bombay or any other competent authority, as may be applicable.
- 15.3 The approval by the requisite majority of the such members of ZEEL as required under the listing agreements entered in to by ZEEL with the Stock Exchanges or / SEBI Guidelines / Regulations;
- 15.4 The Scheme being sanctioned by the High Court of Judicature at Bombay or any other authority under Sections 391 to 394 of the Act.
- 15.5 Certified copy of the Order of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra, at Mumbai by DMCL and ZEEL.

16. EFFECT OF NON-RECEIPT OF APPROVALS

- 16.1 In the event of any of the said sanctions and approvals referred to in the preceding Clause 15 not being obtained and / or the Scheme not being sanctioned by the High Court or such other competent authority and / or the order or orders not being passed as aforesaid before September 30, 2014 or such other date as may be agreed by the respective Board of Directors of DMCL and ZEEL may determine, the Scheme shall become null and void, and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.

17. COSTS, CHARGES & EXPENSES

- 17.1 All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne by ZEEL.

SCHEDULE I
TERMS AND CONDITIONS FOR ISSUE OF PREFERENCE SHARES

Dividend rate	6% p.a.
Accumulation of dividend	Non-Cumulative
Convertibility	Non-Convertible
Payment of dividend	The Preference Shares will qualify for preferential payment of dividend at the rate set out above from the date of allotment up to the date of redemption.
Tenure	3 years
Listing	The Preference Shares will not be listed on any Stock Exchange unless required by any extant regulations.
Redemption Terms	Redemption of Preference Shares would be done at par.
Redemption Option	ZEEL shall also have an option to redeem the Preference Shares any time within 3 years from the date of allotment of Preference Shares, at par.

Complaints Report

For any Complaints received in connection with the Scheme of Arrangement between Diligent Media Corporation Limited and Zee Entertainment Enterprises Ltd and their respective shareholders and creditors during the period from December 28, 2013 to January 17, 2014

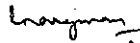
Part A

Sr No	Particulars	Number
1	Number of Complaints received directly	Nil
2	Number of Complaints forwarded by Stock Exchanges	Nil
3	Total Number of Complaints / comments received	Nil
4	Number of Complaints resolved	Nil
5	Number of Complaints pending	Nil

Part B

Sr No	Name of Complainant	Date of Complaint	Status (Resolved/Pending)
1	Not Applicable	Not Applicable	Not Applicable
2	Not Applicable	Not Applicable	Not Applicable
3	Not Applicable	Not Applicable	Not Applicable

For Zee Entertainment Enterprises Limited



M Lakshminarayanan
Chief Compliance Officer & Company Secretary



Place: Mumbai
Date: January 21, 2014



|| VASUDHAIVA KUTUMBAKAM ||
THE WORLD IS MY FAMILY

ZEE ENTERTAINMENT ENTERPRISES LIMITED
Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai - 400 018, India.

DCS/AMAL/NJ/24(f)/434/2013-14

March 25, 2014

The Company Secretary
Zee Entertainment Enterprises Limited
Continental Building,
136, Dr Annie Besant Road,
Worli, Mumbai,
Maharashtra - 400018.

Dear Sir/Madam,

Sub: Observation letter regarding the Scheme of Arrangement/ Amalgamation between Zee Entertainment Enterprises Limited and Diligent Media Corporation Limited.

We are in receipt of draft Scheme of Arrangement/ Amalgamation involving de-merger of Media Business Undertaking of Diligent Media Corporation Limited & transfer into Zee Entertainment Enterprises Limited.

The Exchange has noted the confirmation given by the Company stating that the scheme does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions of the Listing Agreement or the requirements of BSE Limited (BSE).

As required under SEBI Circular No.CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No.CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI has vide its letter dated March 25, 2014 given the following comment(s) on the draft scheme of arrangement:

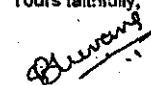
- *The company shall duly comply with various provisions of the aforesaid SEBI circular.*

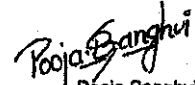
Accordingly, we hereby convey Exchange's 'No-objection' with limited reference to those matters having bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the scheme with the Hon'ble High Court.

Further you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also mention the same in your application for approval of the scheme of arrangement submitted to the Hon'ble High Court.

The Exchange reserves its right to withdraw its No-objection/approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Yours faithfully,


Bhuvana Sriram
Deputy Manager


Pooja Sanghvi
Asst. Manager



**NATIONAL STOCK EXCHANGE
OF INDIA LIMITED**

NIFTY 50
Stock of the nation

Ref: NSE/LIST/234234-9

March 25, 2014

Zee Entertainment Enterprises Limited
135, Continental Building
Dr. Annie Besant Road
Worli
Mumbai – 400018

Kind Attn.: Mr. Pushpal Sanghvi

Dear Sir,

Sub.: Observation letter for Scheme of Arrangement of Diligent Media Corporation Limited and Zee Entertainment Enterprises Limited and their respective shareholders and creditors

We are in receipt of the draft Scheme of Arrangement of Diligent Media Corporation Limited and Zee Entertainment Enterprises Limited and their respective shareholders and creditors.

We have perused the draft Scheme of Arrangement and the related documents/details submitted by Zee Entertainment Enterprises Limited including the confirmation of the Company Secretary that the Scheme so submitted does not in any way violate, over-ride or circumscribe the provisions of Securities Laws or the Stock Exchange requirements.

Pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013 and SEBI Circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013, SEBI has vide letter dated March 25, 2014, has commented as follows:

1) Additional information submitted by Zee Entertainment Enterprises Limited with respect to

a) Contribution of Networth, Revenue and Profit after tax of Media business Undertaking as a percentage of Networth, Revenue and Profit after tax of Diligent Media Corporation Limited.

b) Details in respect of number of stock options issued by Zee Entertainment Enterprises Limited and outstanding stock options.

Both are to be displayed on the website of Zee Entertainment Enterprises Limited along with various documents submitted pursuant to the circulars.

2) The company shall duly comply with various provisions of the Circulars.

Accordingly, we do hereby convey our 'No-Objection' with limited reference to those matters having a bearing on listing / delisting / continuous listing requirements within the provisions of the Listing Agreement, so as to enable the Company to file the Scheme with the Hon'ble High Court.

However, the Exchange reserves its right to withdraw this No-objection approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.

Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400051, India. • Tel: +91 22 26598235/36, 26598346 • Fax: +91 22 26598237/38
E-mail : cnlist@nse.co.in • Web site: www.nseindia.com



Continuation Sheet

Ref: NSE/LIST/234234-9

March 25, 2014

The validity of the "Observation Letter" shall be six months from March 25, 2014, within which the scheme shall be submitted to the Hon'ble High Court. Further pursuant to the above SEBI circulars upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme
- d. Status of compliance with the Observation Letter/s of the stock exchanges
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per Annexure II of this Circular.

Yours faithfully,

For National Stock Exchange of India Limited

Kamlesh Patel
Manager

This Document is Digitally Signed



Signer : Patel Kamlesh
Date: Tue, Mar 25, 2014 20:39:51 IST
Location: NSE

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 258 OF 2014**

In the matter of the Companies Act, 1956 (1 of 1956) (or re-enactment thereof upon effectiveness of Companies Act, 2013);

AND

In the matter of Sections 391 to 394 read with Section 78 (corresponding provisions u/s 52 of Companies Act, 2013) and 100 to 104 of the Companies Act, 1956 (or any corresponding provisions of Companies Act, 2013 as may be notified);

AND

In the matter of Scheme of Arrangement

BETWEEN

Diligent Media Corporation Limited ("the Demerged Company" or "DMCL")

AND

Zee Entertainment Enterprises Limited ("the Resulting Company" or "ZEEL")

AND

their respective shareholders and creditors

ZEE ENTERTAINMENT ENTERPRISES LIMITED, a company)
incorporated under the provisions of the Companies Act, 1956 and)
having its registered office at Continental Building, 135, Dr. Annie)
Besant Road, Worli, Mumbai – 400 018, Maharashtra.)

.....Applicant Company

FORM OF PROXY

I/ We, the undersigned, being the Equity Shareholder of Zee Entertainment Enterprises Limited, the Applicant Company do hereby appoint Mr./ Ms. _____ of _____ and failing him/her _____ of _____ as my/our proxy, to act for me/us at the meeting of the Equity Shareholders to be held at Nehru Auditorium, Nehru Centre, Dr Annie Besant Road, Worli, Mumbai 400 018 on Wednesday, 4th day of June, 2014 at 11.00 a.m. for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement between Diligent Media Corporation Limited and Zee Entertainment Enterprises Limited and their respective shareholders and creditors (hereinafter referred to as the "Scheme") and at such meeting, and any adjournment / adjournments thereof, to vote, for me/us and in my/ our name(s) _____ (herein, if 'for' insert 'FOR', if 'against' insert 'AGAINST' and in the later case strike out the words "either with or without modifications" after the word "Arrangement") the said arrangement embodied in the Scheme of Arrangement either with or without modification(s), as my/our proxy may approve.

*Strike out what is not necessary

Dated this _____ day of _____, 2014

Name : _____
Address : _____
: _____

Affix
revenue
stamp of
Re. 1/-

Signature across the stamp

(For Physical Holding) Reg. Folio No. : _____
(For Demat Holding) Client ID No. : _____
No. of Equity Shares held: : _____
Signatures of Shareholder(s) : _____

DP ID No. : _____

Sole / First Holder:
Second Holder:
Third Holder:

Signature of Proxy

Proxy:

Notes:

- (1) All alterations made in the Form of Proxy should be initialed.
- (2) The Proxy must be deposited at the Registered Office of the Applicant Company at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018 at least 48 hours before the time for holding the Court Convened meeting.
- (3) The proxy need not be a member of Zee Entertainment Enterprises Limited.
- (4) In case of multiple proxies, the proxy received later in time shall be accepted.



ZEE ENTERTAINMENT ENTERPRISES LIMITED

Regd. Office: Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018

Tel:- 91-22-24831234 **Fax:-** 91-22-24955974

CIN: L92132MH1982PLC028767 **Website:** www.zeetelevision.com

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional attendance slip at the venue of the meeting

I/We hereby record my/our presence at the meeting of the Equity Shareholders of the Company, convened pursuant to the Order dated 2nd day of May, 2014 of the Hon'ble High Court of Judicature of Bombay at Nehru Auditorium, Nehru Centre, Dr Annie Besant Road, Worli, Mumbai 400 018 on Wednesday the 4th day of June 2014 at 11.00 a.m.

Name and Address of Equity Shareholder: _____
(IN BLOCK LETTERS):

Signature : _____

Reg.Folio No. : _____

Client ID # : _____

D.P. I.D. # : _____

No. of Equity Shares : _____
(Applicable for shareholders holding shares in dematerialized form)

Name of the Proxy holders/ Authorised Representative*: _____
(IN BLOCK LETTERS)

Signature : _____
*(To be filled in by the Proxy in case he/she attends instead of the equity shareholder)

NOTE:

Equity Shareholders attending the Meeting in person or by Proxy or through authorized representative are requested to complete and bring the Attendance Slip and hand it over at the entrance of the meeting hall.

POST / COURIER

If undelivered, please return to

ZEE ENTERTAINMENT ENTERPRISES LIMITED

Registered Office: Continental Building, 135,

Dr. Annie Besant Road, Worli,

Mumbai – 400 018.