



Extraordinary Together

Zee Entertainment Enterprises Limited

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Investment Policy



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Purpose

The purpose of this Policy is to set forth the guidelines for strategic investments and divestments of Zee Entertainment Enterprises Limited (hereinafter referred as the ‘Company’). The framework set forth in this policy shall be adopted by the Company’s unlisted subsidiaries, and be suitably amended to reflect their scale and nature of operations, regulatory considerations, among other aspects. These subsidiaries shall inform the Company in case of any deviations made to the aspects defined in this policy.

Objective

The main objective of this policy is to provide a framework to invest or divest in businesses/assets to enhance shareholders’ value and achieve the goals defined in the business plan.

Scope

The scope of the policy covers end to end investment and disinvestment activities conducted by the M&A department encompassing the key activities: Strategic Planning, Sourcing for Strategic Investments, Appointment of Advisors to the Deal, Valuation, Deal Documentation, Due Diligence, Negotiation and Deal Structuring and Deal Execution and Closure.

Definitions

“Letter of Intent” refers to a document between the Company and the potential target which outlines the preliminary understanding and intent of the prospective deal. LOI may be binding or non-binding.

“Term Sheet” refers to a document that outlines the key terms and deal structure of the proposed investment. The term sheet may be binding or non-binding.

“Definitive Agreement” shall mean a legal contract between the Company and the investee setting out the terms and conditions relating to the investment. It is a binding document. It includes Share Purchase Agreement, Shareholder Agreement, Business Transfer Agreement, Scheme of Demerger or Amalgamation, etc. The Definitive Agreements incorporates all the key details from the approved Final LOI or Term Sheet.

Roles and Responsibilities

The Company has assigned the roles and responsibilities to implement this Investment policy.

Merger & Acquisition (M&A) team

The Company's M&A team is responsible for research, sourcing and executing the strategic transactions under the supervision of CFO.

Managing Director (MD) and Chief Financial Officer (CFO)

The Company's MD/CFO are responsible for evaluating, negotiating and monitoring investment transactions.

The Audit Committee and the Board

The Audit Committee and the Board shall review and approve all the investment and disinvestment activities, as per the applicable regulations.

Approval matrix for deal related activities:

Activity description	Reviewing Authority	Approving Authority
Appointment of the Advisors to the deal	CFO / MD	-
Review of Valuation report	CFO and MD	Audit Committee and the Board
Review of Due Diligence report	CFO and MD	Audit Committee and the Board
Letter of Intent (LOI) or Term Sheet including any amendments/ revisions thereof, Definitive Agreement	Head - Legal, CFO, MD	Audit Committee and the Board *
Deal closure report of fulfilment of Conditions Precedent and regulatory approvals	CFO and MD	Audit Committee and the Board
Condition Subsequent to deal approval before the transfer of any balance deal consideration or clawbacks to/ from the Seller	CFO and MD	Audit Committee and the Board
Investment in the subsidiaries	Head – Legal, CFO and MD	Audit Committee and the Board

* All the deal binding documents (Letter of Intent, Term Sheet, Definitive agreement, etc.) shall be approved by the Audit Committee and the Board

In case of new business opportunities, risk assessment must be approved by Risk Management committee, before presenting the investment proposal to the Audit Committee and Board for the approval.

The M&A team shall work with the Legal & Secretarial or any other team to ensure adherence with all relevant compliances under Companies Act or other regulations applicable to the Company and the transaction.

Strategic Planning

- The Investment or disinvestment activities shall be guided by the overall business strategy and plan approved by the Board to create value for the company.
- The M&A team shall identify, evaluate and invest in business that forms part of the Media & Entertainment (M&E) value chain (including greenfield and brownfield projects in M&E sector, incubation of start-ups such as in Digital Media, Online Gaming, etc.) to increase the geographical or market presence/share of business, expand service offerings, improve the quality of existing products and customer experience.
- Any investment in non-core asset (except Real estate) is prohibited and investment in Real Estate related investment shall be made only on an exceptional basis and after obtaining approvals from the Audit Committee and Board.

Sourcing for Strategic Investments

- The M&A team shall continue exploring potential targets for acquisitions basis the investment objectives. The parameters such as Business Case, Payback period, IRR, ROCE and other financial parameters shall be evaluated. The sourcing of funds for Investment shall also be captured in the proposal. The investments shall be critically evaluated against the applicable risks – e.g. Geographical risks, Business & Operational risks, Legal and Regulatory risks, Reputation risks, etc. Any perceived conflicts of interest should be identified and evaluated before making investment decisions. The shortlisted potential targets shall be taken up for deliberations with MD and CFO.
- The following deal evaluation and execution activities shall be performed:

Stages	Activity description
Appointment of Advisors to the Deal	<ul style="list-style-type: none"> • External advisors to be engaged for deal consultations (e.g. Valuation, Due Diligence, Legal assistance) shall be approved by the CFO / MD, as per the deal requirements.
Valuation	<ul style="list-style-type: none"> • M&A team / External advisors shall perform Valuation of the potential target as per deal requirements. The Valuation report shall be reviewed, especially for aspects relating to valuation methodology, forecasted earnings, growth stage of the company and other key assumptions.
Letter of Intent	<ul style="list-style-type: none"> • Post successful negotiation with the potential target on valuations, M&A team shall prepare LOI capturing details such as the target company’s profile, key deal conditions, valuation, deal timeline and confidentiality. The LOI shall be approved as per the approval matrix and countersigned by the potential target preferably within one month of the Audit Committee / Board approval.
Preliminary Due Diligence (PDD)	<ul style="list-style-type: none"> • M&A team shall conduct PDD to get an understanding that the target meets objectives for which the acquisition is required.
Term Sheet	<ul style="list-style-type: none"> • The Term Sheet shall be reviewed and approved as per the approval matrix before sharing it with the potential target for discussion.
Due Diligence (DD)	<ul style="list-style-type: none"> • The extent of DD along with its scope and coverage (e.g. Commercial, Tax, Financial, Legal, Compliance, etc.) shall be determined by the Head - M&A and CFO on the basis of the associated requirements and complexities. • The DD of the potential target shall be conducted by M&A team or Investment banks, Consultants/Advisors and the summary of DD report findings along with key assumptions shall be scrutinized and reviewed. The manner in which these findings are dealt/ addressed (commercially or otherwise) shall be documented, before arriving at the final deal terms.
Deal Negotiation and Structuring	<ul style="list-style-type: none"> • The final deal terms and structure shall be discussed and finalized by the M&A team in consultation with Tax team, Legal team, CFO, MD and the Advisors to the deal.

	<ul style="list-style-type: none"> The final deal terms and structure shall be discussed with the potential target team and buy-in shall be obtained. Any deviations to deal terms and structure which has adverse implications compared to the originally approved deal terms should be reviewed and approved prior to signing the Definitive Agreement / LOI/ Term Sheet.
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Definitive Agreement

- The final Definitive Agreement shall be reviewed by M&A team in consultation with Tax team, Legal team, CFO, MD along with the Advisors to the deal.
- The Definitive Agreement shall be signed by the authorized signatories of the company, as approved by the Board, preferably within one month of signing final LOI.

Deal Closure

- The M&A team and Legal team shall coordinate with Advisors for obtaining regulatory approvals within the timelines stated in the Definitive Agreement.
- Any Conditions Precedent to be complied by the Seller or the Buyer as required for deal closure, shall be fulfilled by the respective Seller or the Buyer.
- A deal closure report of fulfilment Conditions Precedent and regulatory approvals shall be reviewed as per the approval matrix.

Disinvestments

- The policy guidelines mentioned in the above section shall also be applicable to disinvestment process.
- In case of disinvestment, a Fact sheet indicating details of block of asset, division or subsidiary approved for disinvestment in the Business plan shall be prepared by M&A team and reviewed by CFO and MD. The Fact sheet shall be circulated to Investment Banks or Advisors for sourcing the interested buyer for the disinvestment.
- The valuation for the asset/ business/ subsidiary to be disinvested shall be performed and scrutinized by the Audit Committee and the Board.
- The terms of sale shall be negotiated and finalized with the buyer. The LOI shall be finalized in consultation with Tax team, Legal team, CFO, MD and Advisors to the deal.
- The summary of key deal terms shall be presented to the Audit Committee and the Board for approval, before signing the Share Purchase Agreement/ Final LOI/ Term sheet.
- The reason for sale of asset, business vertical, or subsidiary at a valuation lower than the valuation certified by the external advisors shall be documented.

Reporting and monitoring of M&A activities

The M&A team shall present a report of all the M&A activities performed to the Audit Committee and the Board on a quarterly basis or earlier, basis the business requirements. The presentation shall cover details of M&A deals in various stages (i.e. deal evaluation (pre-LOI), deal negotiation and finalization, action taken report, etc.) and also cover post deal reporting on the KPI's agreed at the time of Investment approval vis-à-vis actual performance. In line with the regulatory requirements, the Board shall also provide oversight on the investments made through the Company's unlisted subsidiaries.



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Policy Review

This policy shall be reviewed on an annual basis and any changes with respect to this policy should be approved by the Board.