



Extraordinary Together

July 30, 2021

The Listing Department

BSE Limited

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

BSE Scrip Code Equity: 505537

Preference: 717503

The Listing Department

National Stock Exchange of India Limited

Exchange Plaza, Bandra Kurla Complex

Bandra (East), Mumbai - 400 051

NSE Symbol: ZEEL EQ : ZEEL P2

Dear Sirs,

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

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

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

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

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

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



Zee Entertainment Enterprises Limited

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

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

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

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

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

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



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

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

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

This is for your information and record.

Yours faithfully,

for Zee Entertainment Enterprises Limited

A handwritten signature in blue ink, appearing to read "Ashish Agrawal".

Ashish Agrawal
Company Secretary and Chief Compliance Officer
FCS6669



Encl: As Above



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

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

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

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

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

Dear Sir,

Sub :- Advisory Letter

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



अनुवर्ती :
Continuation :

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**Securities and Exchange
Board of India**

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

Yours faithfully,


Surabhi Gupta

CC:

BSE Ltd Phiroze Jeejabhoy Towers, Dalal Street, Mumbai – 400 001	NSE Ltd G Block, Bandra Kurla Complex, Bandra East Mumbai 400 051
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