ZEE ENTERTAINMENT ENTERPRISES LIMITED

Registered Office: Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai -400 018
Tel Nos.: +91 22 6697 1234 Fax No. : +91 22 2490 0302
Website: www.zeetelevision.com

COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS
Day : Tuesday
Date : July 20, 2010
Time : 10.30 a.m.
Venue : Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025.

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IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO.349 OF 2010

In the matter of the Companies Act, 1956 (1 of 1956);

AND

In the matter of Sections 391 to 394 read with Sections 78 and 100 to 104 of the Companies Act, 1956;

AND

In the matter of Scheme of Arrangement between INX Media Private Limited ('INX or 'the Transferor Company') and Zee Entertainment Enterprises Limited ('ZEEL' or 'the Transferee Company') and their respective shareholders

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.) 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"),

TAKE NOTICE that by an Order made on the 11th day of June, 2010, in the above Company Summons for Direction, 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 Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025 on Tuesday, 20th day of July, 2010 at 10.30 a.m. for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed arrangement embodied in the Scheme of Arrangement between INX Media Private Limited and Zee Entertainment Enterprises Limited and their respective Shareholders.

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 held at Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025 on Tuesday, 20th day of July, 2010 at 10.30 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 authorized 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 said meeting.

The Hon'ble High Court has appointed Mr. Subhash Chandra, Chairman of the Applicant Company, and failing him, Mr. Punit Goenka, Managing Director and CEO 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 Statement under Section 393 of the Companies Act, 1956, Scheme of Arrangement, Attendance Slip and Form of Proxy are enclosed.

Dated this 15th day of June, 2010

Subhash Chandra
Chairman appointed for the meeting

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

Notes:

1. All alterations made in the Form of Proxy should be initialed.
2. Only registered shareholders of the Applicant Company may attend and vote (either in person or by proxy or by Authorised Representative under Section 187 of the Companies Act, 1956) at the Equity Shareholders' meeting. The 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 is deposited at the registered office of the Applicant Company not later than 48 hours before the meeting authorizing such representative to attend and vote at the Equity Shareholders' meeting.

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO.349 OF 2010

In the matter of the Companies Act, 1956 (1 of 1956);

AND

In the matter of Sections 391 to 394 read with Sections 78 and 100 to 104 of the Companies Act, 1956;

AND

In the matter of Scheme of Arrangement between INX Media Private Limited ('INX or 'the Transferor Company') and Zee Entertainment Enterprises Limited ('ZEEL' or 'the Transferee Company') and their respective shareholders

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.) Applicant Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. Pursuant to an Order dated 11th day of June, 2010 passed by the Hon'ble High Court of Judicature at Bombay in the Company Summons for Direction referred to hereinabove, a meeting of the Equity Shareholders of Zee Entertainment Enterprises Limited, the Applicant Company, be convened and held at Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025 on Tuesday, 20th day of July, 2010 at 10.30 a.m. for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed arrangement embodied in the Scheme of Arrangement between INX Media Private Limited ('INX' or 'the Transferor Company') and Zee Entertainment Enterprises Limited ('ZEEL' or 'the Transferee Company') and their respective Shareholders ('the Scheme' or 'this Scheme').
2. A copy of the Scheme setting out in detail the terms and conditions of the arrangement, *inter alia*, providing for the demerger of 9X Channel Business Undertaking of INX into ZEEL which has been approved by Board of Directors of the Applicant Company at its meeting held on 29th day of April, 2010, is attached to this explanatory statement.
3. In this statement, Zee Entertainment Enterprises Limited is hereinafter referred to as 'ZEEL' or 'the Applicant Company'. The other definitions contained in the Scheme shall apply to this explanatory statement also.
4. The background of both the companies involved in the Scheme of Arrangement are as under:

4.1 Zee Entertainment Enterprises Limited:

(a) The Applicant Company was incorporated on 25th day of November 1982 under the provisions of the Companies Act, 1956 under the name and style of 'Empire Holdings Limited'. Subsequently, the name of the Company was changed to 'Zee Telefilms Limited' with effect from the 8th day of September 1992. Further, name of the Company was changed to its present name 'Zee Entertainment Enterprises Limited' with effect from 10th January 2007.

(b) The Registered Office of the Applicant Company is situated at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

(c) The authorized, issued, subscribed and paid-up share capital of the Applicant Company as on March 31, 2010 is as under:

Share Capital	**Amount in Rs.**
Authorized Share Capital	
750,000,000 Equity Shares of Re. 1 each	750,000,000
TOTAL	**750,000,000**
Issued, Subscribed and Paid-up Share Capital	
434,007,111 Equity Shares of Re. 1 each	434,007,111
TOTAL	**434,007,111**

i) The Applicant Company has granted 43,40,000 stock options to its employees which upon exercise will increase the issued, subscribed and paid up equity capital of ZEEL.

ii) Upon the Scheme of Arrangement between Zee News Limited and ZEEL providing for demerger of the Regional General Entertainment Channel Business undertaking from Zee News Limited into ZEEL becoming effective from 29th day of March, 2010 and consequent upon allotment of shares

in pursuant to the said Scheme in April 2010, the issued, subscribed and paid up share capital of ZEEL has increased to 484,483,733 equity shares of Re 1 each.

iii) Post the merger of ETC Networks Limited (ETC) with ZEEL pursuant to the Composite Scheme of Arrangement between ZEEL, ETC and Zee Learn Limited,

(i) the Authorised Share Capital of ZEEL shall stand increased to Rs. 1,399,200,000;

(ii) the issued, subscribed and paid capital of ZEEL will stand increased to 488,897,306 equity shares of Re 1 each.

(d) The Equity Shares of the Applicant Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

(e) The main objects specified in the Memorandum of Association of the Applicant Company are, *inter alia*, as follows:

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

(A) THE 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 our manufacture or other manufacture 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 Scenarian writers Films Editors, Story writers and other persons, Technicians, Engineers, Sound Experts, Camera man, 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."

(f) The Applicant Company is presently engaged in the business of (a) broadcasting of Satellite Television Channels, (b) advertisement canvassing agent for other television channels, (c) sale of programs including films and program feeds mainly to its subsidiaries for broadcasting on their satellite television channels all over the world, (d) production and distribution of Films etc.

4.2 <u>INX Media Private Limited:</u>

(a) INX was incorporated on 8th day of August 2006 under the name of 'INX Media Private Limited' and has not changed its name since incorporation.

(b) The Registered Office of INX is situated at Urmi Corporate Park, 1st Floor, Solaris D, Opposite L&T Gate No.6, Saki Vihar Road, Powai, Mumbai 400 072, Maharashtra.

(c) The authorized, issued, subscribed and paid-up share capital of INX as on March 31, 2010 is as under:

Share Capital	Amount in Rs.
Authorized Share Capital	
10,025,000 Equity Shares of Rs.10/- each	100,250,000
699,75,000 Preference Shares of Rs.10/- each	699,750,000
Total	**800,000,000**
Issued, Subscribed and Paid-up Share Capital	
10,000,000 Equity Shares of Rs.10/- each	100,000,000
Total	**100,000,000**

There has been no change in the paid up share capital of INX post March 31, 2010.

(d) The equity shares of INX are not listed on any stock exchange(s).

(e) The main objects specified in the Memorandum of Association of INX are, inter alia, as follows:

"(A) THE MAIN OBJECTS OF THE COMPANY TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:

1. To carry on the business of media representatives, concessionaires and advertising agents for Television, Radio, Interactive Business and Print media of any other kind including newspapers, souvenirs, hoardings, neon signs and other display devices of all kinds to promote the sale or any other interest of its clients in India and abroad and to carry on the business of campaign managers, sponsors of marketing products, market research and to produce, buy, sell, import, export, trade, hold rights of cinematographic films, television films, programs, audio visual and audio material and/or work of art and literature and to establish links via satellites, downlink and uplink, through TVROs, reception, systems in India and abroad and to act as sub agents in India and abroad."

(f) INX is presently engaged in telecasting of television channels and providing broadcasting services.

5. The Applicant Company is now proposing a Scheme of Arrangement providing for demerger of 9X Channel Business Undertaking of INX into ZEEL through a Scheme of Arrangement under Sections 391 to 394 read with Sections 78 and 100 to 104 of the Companies Act, 1956.

6. The rationale for the proposed demerger of 9X Channel Business Undertaking of INX into ZEEL is as under:

(a) Demerger of the 9X Channel Business Undertaking would enable INX to focus on and enhance its other existing channel operations by streamlining the operations and cutting costs; and

(b) The demerger would be beneficial to both INX and ZEEL, their shareholders, creditors, employees and all stakeholders and will enable INX and ZEEL to achieve and fulfill their objectives more efficiently and economically.

7. The proposed arrangement was placed before the Board of Directors of the Applicant Company on 29th day of April 2010 and before the Board of Directors of INX on 1st day of May 2010, whereat the Valuation Report of M/s Mittal Goel & Associates, Chartered Accountants an Independent Valuer and Fairness Opinion on the said Valuation Report issued by M/s. SPA Merchant Bankers Limited, a Category I Merchant Banker were also placed before the respective Boards. The Valuation Report of M/s Mittal Goel & Associates recommended the following share exchange ratio:

"1 (One) fully paid Equity Shares of Re. 1 (Rupee One) each of ZEEL shall be issued and allotted to the shareholders of INX for every 71 (Seventy One) Equity Shares of Rs. 10/- (Rupees Ten only) each held in INX as on June 30, 2010."

8. The Boards of Directors of ZEEL and INX, based on and relying upon the aforesaid valuation report and fairness opinion and on the basis of their independent evaluation and judgment, came to the conclusion that the proposed share exchange ratio is fair and reasonable and decided to incorporate the same in the Scheme which was approved by them at their respective meetings.

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

(a) The Scheme envisages demerger of the 9X Channel Business Undertaking of INX into ZEEL pursuant to Sections 391 to 394 read with Section 78 and 100 to 104 and other relevant provisions of the Companies Act, 1956 on a going concern basis in the manner provided for in the Scheme.

(b) The Appointed Date for the Scheme is closing hours of business on 31st day of March, 2010 or such other date as may be fixed or approved by the High Court of Judicature at Bombay.

(c) Effective Date for the Scheme shall be the last of the dates on which the certified true copies of the Order of the High Court of Judicature at Bombay sanctioning the Scheme is filed by ZEEL and INX with the Registrar of Companies, Mumbai, Maharashtra.

(d) Upon the coming into effect of this Scheme and with effect from the Appointed Date, the whole of the undertaking, assets, properties and liabilities of 9X Channel Business Undertaking of INX as defined in Clause 1.2 of the Scheme shall pursuant to the provisions contained in Sections 391 to 394 and all other

applicable provisions, if any, of the Act and without any further act or deed would be 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 9X Channel Business Undertaking.

(e) Upon coming into effect of the Scheme and in consideration for the transfer and vesting of the 9X Channel Business Undertaking of INX into ZEEL, ZEEL shall, without any further application or deed, issue and allot equity shares, credited as fully paid up, to the extent indicated below, to the members of INX whose name appears in the Register of Members of INX as on June 30, 2010 or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, in the following manner:

"1 (One) fully paid Equity Share of Re. 1 (Rupee One) each of ZEEL shall be issued and allotted to the shareholders of INX for every 71 (Seventy One) Equity Shares of Rs. 10/- (Rupees Ten only) each held in INX as on June 30, 2010."

(f) The Equity Shares to be issued to the members of INX as above shall be subject to the Memorandum and Articles of Association of ZEEL and shall rank *pari passu* with the existing equity shares of ZEEL in all respects including dividends.

(g) No coupons shall be issued in respect of fractional entitlements, if any, by ZEEL, to the members of INX at the time of issue and allotment of Equity Shares. In case any equity shareholder's holding in INX is such that the said shareholder becomes entitled to a fraction of equity share of ZEEL, ZEEL shall round off the said entitlement to the nearest integer and allot equity shares accordingly.

(h) The equity shares to be issued to the members of INX will be listed and/or admitted to trading on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, where the shares of ZEEL are listed and/or admitted to trading. ZEEL shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges.

(i) On the Scheme becoming effective, ZEEL shall account for the demerger of 9X Channel Business Undertaking of INX into ZEEL in its books as follows:

i. ZEEL shall record the assets and liabilities, pertaining to the 9X Channel Business Undertaking, more specifically detailed in Schedule 1 to the Scheme in Part A and Part B respectively, at their respective book values as at the close of business hours on the Appointed Date.

ii. ZEEL shall credit to its share capital account, the aggregate face value of the Equity Shares issued.

iii. Loans and advances and other dues outstanding between ZEEL and the 9X Channel Business Undertaking of INX, if any, will stand cancelled and there shall be no further obligation / outstanding in that behalf.

iv. Surplus, arising out of the excess of net assets of the 9X Channel Business Undertaking acquired and recorded by ZEEL in terms of above clause, over the amount credited as share capital and after making adjustments referred to in clause (iii) above, shall be credited to Capital Reserve Account. The deficit, if any, shall be debited to General Reserve Account.

v. If considered appropriate for the purpose of application of uniform accounting methods and policies between INX and ZEEL, ZEEL may make suitable adjustments and adjust the effect thereof in the General Reserve of ZEEL.

(j) INX will account for the demerger of 9X Channel Business Undertaking into ZEEL in its books as follows:

i. Upon the Scheme becoming effective, INX shall reduce the book value of assets and liabilities pertaining to the 9X Channel Business Undertaking.

ii. The difference between the amount of assets and liabilities so transferred shall be adjusted against the balance of Profit and Loss Account in the balance sheet of INX.

iii. The credit balance in the Securities Premium Account shall be utilized towards adjusting the debit balance in the Profit and Loss account in accordance with Clause 6.2.1 and 6.2.2 of the Scheme.

(k) On the Scheme becoming effective, all employees of the 9X Channel Business Undertaking in service on the Effective Date, shall be deemed to have become employees of ZEEL with effect from the Appointed Date or their respective joining date, whichever is later, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with ZEEL shall not be less favorable than those applicable to them with reference to the 9X Channel Business Undertaking on the Effective Date. Any question that may arise as to whether any employee belongs to or does not belong to the 9X Channels Business Undertaking shall be decided by Board of Directors of INX.

(l) 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.

(m) 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 INX 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 Scheme being sanctioned by the High Court of Judicature at Bombay or any other authority under Sections 391 to 394 read with Sections 78, 100 to 104 of the Act.

iv) Certified copy of the Order of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra, at Mumbai by both the companies.

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

10. The pre and post Scheme (expected) shareholding pattern of the Applicant Company i.e. ZEEL based on shareholding pattern as on April 30, 2010 is as under:

Category Code	Category of Shareholder	Pre- Demerger (I)		Post Scheme with ETC (II)		Post Demerger (III)	
		Equity Shares	%	Equity Shares	%	Equity Shares	%
(A)	**Shareholding of Promoter and Promoter Group**						
1	**Indian**						
(a)	Individuals/ Hindu Undivided Family	4,838,233	1.00%	4,838,285	0.99%	4,838,285	0.99%
(b)	Central/State Government (s)	-	0.00%	0	0.00%	-	0.00%
(c)	Bodies Corporate	116,463,630	24.04%	118,264,577	24.19%	118,264,577	24.18%
(d)	Financial Institutions / Banks	-	0.00%	0	0.00%	-	0.00%
(e)	Any Other (specify)			0	0.00%	-	0.00%
	Sub-Total (A)(1)	**121,301,863**	**25.04%**	**123,102,862**	**25.18%**	**123,102,862**	**25.17%**
2	**Foreign**			0		-	
(a)	Individuals (NRI/Foreign Individuals)	-	0.00%	0	0.00%	-	0.00%
(b)	Bodies Corporate	86,133,402	17.78%	86,133,402	17.62%	86,133,402	17.61%
(c)	Institutions	-	0.00%	0	0.00%	-	0.00%
(d)	Any Other (specify)	-	0.00%	0	0.00%	-	0.00%
	Sub-Total (A)(2)	**86,133,402**	**17.78%**	**86,133,402**	**17.62%**	**86,133,402**	**17.61%**
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	**207,435,265**	**42.82%**	**209,236,264**	**42.80%**	**209,236,264**	**42.79%**
(B)	**Public Shareholding**					-	
						-	
1	**Institutions**					-	
(a)	Mutual Funds / UTI	66,577,174	13.74%	67,394,972	13.79%	67,398,493	13.78%
(b)	Financial Institutions / Banks	98,259	0.02%	98,259	0.02%	98,259	0.02%
(c)	Central/ State Government (s)	-	0.00%	0	0.00%	-	0.00%
(d)	Venture Capital Funds	-	0.00%	0	0.00%	-	0.00%
(e)	Insurance Companies	40,026,394	8.26%	40,026,394	8.19%	40,026,394	8.18%
(f)	Foreign Institutional Investors	130,810,444	27.00%	131,284,683	26.85%	131,284,683	26.85%
(g)	Foreign Venture Capital Investors	-	0.00%	0	0.00%	-	0.00%
(h)	Any Other (specify)	-	0.00%	0	0.00%	-	0.00%
	Sub-Total (B)(1)	**237,512,271**	**49.02%**	**238,804,308**	**48.85%**	**238,807,829**	**48.83%**
2	**Non-institutions**					-	
(a)	Bodies Corporate	24,911,658	5.14%	25,600,891	5.24%	25,660,891	5.25%
(b)	Individuals	12,541,371	2.59%	13,164,259	2.69%	13,164,259	2.69%
(c)	Any Other (specify)					-	
(ci)	Foreign Corporate Bodies	18,807	0.00%	18,807	0.00%	75,004	0.02%
(cii)	Overseas Corporate Bodies	16,647	0.00%	16,647	0.00%	16,647	0.00%
(ciii)	Foreign Nationals	1,204	0.00%	1,204	0.00%	1,204	0.00%
(civ)	Non Resident Indians	2,035,689	0.42%	2,044,104	0.42%	2,044,104	0.42%
(cv)	Trusts	10,821	0.00%	10,821	0.00%	31,948	0.01%
	Sub-Total (B)(2)	**39,536,197**	**8.16%**	**40,856,733**	**8.36%**	**40,994,057**	**8.38%**
	Total Public Shareholding (B)=(B)(1)+(B)(2)	**277,048,468**	**57.18%**	**279,661,042**	**57.20%**	**279,801,887**	**57.21%**
	TOTAL (A)+(B)	**484,483,733**	**100.00%**	**488,897,306**	**100.00%**	**489,038,151**	**100.00%**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	-	0.00%	0		-	-
	GRAND TOTAL (A)+(B)+(C)	**484,483,733**	**100.00%**	**488,897,306**	**100.00%**	**489,038,151**	**100.00%**

Note: The Board of Directors of the Company had approved a Composite Scheme of Amalgamation & Arrangement for merger of ETC Networks Ltd and upon such merger, demerger of Education Business Undertaking of ZEEL into Zee Learn Limited with effect from respective Appointed Dates viz. March 31, 2010 (for merger) and April 1, 2010 (for demerger), the effect of which has been considered in column (II) above.

11. The pre and post Scheme shareholding pattern of INX based on shareholding pattern as on April 30, 2010 will be same which is as under:

	CATEGORY	No. of Shares held	% of Holding
A	Promoters' Holding	10,000,000	100%
B	Non- Promoters' Holding	NIL	NIL
	Total	**10,000,000**	**100%**

12. The Directors of the Applicant Company and INX may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in the respective companies or in their capacity as option holders of Stock Options issued / to be issued to them under the employee stock option scheme(s) of the respective companies, as applicable, or to the extent the said directors are common directors in the companies, or to the extent the 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 shares in ZEEL, as a result of the Scheme. Save as aforesaid, none of the Directors of the company have any material interest in the proposed Scheme of Arrangement.

13. (a) The extent of the shareholding of the Directors of ZEEL in ZEEL and INX either singly or jointly or as nominee as on April 30, 2010 is as under:

Sr. No.	Name of the director	Designation	Equity shares in ZEEL	Equity shares in INX
1	Subhash Chandra	Non-Executive Chairman	-	-
2	Laxmi Narain Goel	Director	1,921,878	-
3	Ashok Kurien	Director	2,236,355	-
4	Brijendra K Syngal	Director	-	-
5	Nemi Chand S Jain	Director	-	-
6	Rajan Jetley	Director	-	-
7	Sir Gulam K Noon	Director	-	-
8	Dr Mohammed Y Khan	Director	-	-
9	Prof. R Vaidyanathan	Director	-	-
10	Punit Goenka	Managing Director & CEO	-	-

(b) The extent of the shareholding of the Directors of INX in INX and ZEEL either singly or jointly or as nominee as on April 30, 2010 is as under:

Sr.No.	Name of the Director	Designation	Equity shares in INX	Equity shares in ZEEL
1	Pratim Mukerjea	Director	-	-
2	Indrani Mukerjea	Director	-	-

14. The Applicant Company has obtained the approval of Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd., to the Scheme of Arrangement in the terms of Clause 24(f) of the Listing Agreements vide their letters dated May 20, 2010 and May 27, 2010 respectively.

15. The financial position of the Applicant Company will not be adversely affected by the Scheme of Arrangement. Further, the rights and interests of the creditors of the Applicant Company will not be prejudicially affected by the Scheme of Arrangement as the Applicant Company post arrangement 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.

16. No investigation proceedings have been instituted or are pending in relation to the Applicant Company under Sections 235 to 251 of the Act. However pursuant to an inspection under Section 209A of the Companies Act, 1956, carried out by the Office of Regional Director, Western Region, the Registrar of Companies, Mumbai had during April 2008, issued show cause notice(s) alleging violation of Sections 147, 193, 211, 217, 224, 301, 303, 307, 308, 77, 372A & 198 read with Section 349 of the Companies Act, 1956. These alleged offences are compoundable under Section 621A of the Companies Act, 1956 and the Applicant Company has filed its reply to these show cause notices and has also sought compounding of most of these alleged offences. The Company Law Board, Western Region has since passed compounding order(s) for the alleged violations under Section 211, 217,

224, 301, 303, 307, 308 and 372A. The Company has complied with these Compounding Orders by payment of requisite Compounding Fees. The process relating to other show cause notices are in progress.

17. In the event of any of the said sanctions and approvals referred to in the Scheme 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 December 31, 2010 or such other date as may be agreed by the respective Board of Directors of INX and ZEEL, 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.

18. Inspection of the following documents may be had by the Equity Shareholders of the Applicant Company at the Registered Office of the Applicant Company upto one day prior to the date of the meeting between 11 a.m. and 1 p.m. on all working days (except Saturdays, Sundays and public holidays).

    (a) Copy of the Order dated 11th day of June, 2010 of the High Court of Judicature at Bombay passed in Company Summons for Direction No. 349 of 2010 directing the convening of the meeting of the Equity Shareholders of the Applicant Company.

    (b) Scheme of Arrangement.

    (c) Memorandum and Articles of Association of the Applicant Company and INX.

    (d) The Audited Financial Statements of the Applicant Company and INX for last three financial years ended March 31, 2009, March 31, 2008 and March 31, 2007.

    (e) The Unaudited Financial Statement of the Applicant Company as on March 31, 2010 and the Audited Financial Statement of INX as on March 31, 2010.

    (f) Valuation Report of M/s Mittal Goel & Associates, Chartered Accountants on Share exchange ratio.

    (g) Fairness Opinion of M/s. SPA Merchant Bankers Limited.

    (h) Copy of No Objection letters to the Scheme received from Bombay Stock Exchange Limited and the National Stock Exchange of India Limited dated May 20, 2010 and May 27, 2010 respectively.

This statement may be treated as an Explanatory Statement under Section 173 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 the Advocates M/s Hemant Sethi & Co., 302, Satnam Building, 3A Sion West, Mumbai – 400 022.

Dated this 15th day of June, 2010

Subhash Chandra
Chairman appointed for the meeting

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

SCHEME OF ARRANGEMENT
BETWEEN
INX MEDIA PRIVATE LIMITED…THE TRANSFEROR COMPANY
AND
ZEE ENTERTAINMENT ENTERPRISES LIMITED …THE TRANSFEREE COMPANY
AND
THEIR RESPECTIVE SHAREHOLDERS

(A) PREAMBLE

This Scheme of Arrangement is presented under Sections 391 to 394 read with Sections 78, 100 to 104 and other applicable provisions of the Companies Act, 1956 for demerger of 9X Channel Business Undertaking (as defined hereinafter) of INX Media Private Limited ("INX" or "the Transferor Company") and vesting in Zee Entertainment Enterprises Limited ("ZEEL" or "the Transferee Company"), 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 Demerger of the 9X Channel Business Undertaking would enable INX to focus on and enhance its other existing channel operations by streamlining the operations and cutting costs; and

2 The demerger would be beneficial to both INX and ZEEL, their shareholders, creditors, employees and all stakeholders and will enable INX 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 9X Channel Business Undertaking of INX; (b) issue of shares to the Shareholders of INX by ZEEL and; (c) reduction of share capital and utilization of securities premium of INX;

(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, or any statutory modification or re-enactment thereof** for the time being in force.

1.2 **"9X Channel Business Undertaking"** means any and all assets and liabilities of, appertaining or relatable to, the entertainment channel called 9X Channel owned and operated by INX as 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) broadcasting rights, programming rights, telecasting rights or any other right of similar nature, records, the operations, licenses, tax credits (including service tax credit) the liabilities and obligations. It shall also include personnel, intellectual property rights, 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 9X Channel (as set out in Schedule 1). `Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the 9X Channel Business Undertaking of INX or whether it arises out of the activities or operations of the 9X Channel Business Undertaking of INX shall be decided by mutual agreement between the Board of Directors of INX and ZEEL.

1.3 **"Appointed Date"** means closing hours of business on 31st day of March, 2010 or such other date as may be fixed or approved by the High Court of Judicature at Bombay.

1.4 "**Court**" or "**High Court**" means the High Court of Judicature at Bombay and shall include the National Company Law Tribunal, if and when applicable;

1.5 **"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 INX and ZEEL with the Registrar of Companies, Mumbai, Maharashtra.

1.6 **"INX" or "the Transferor Company"** means INX Media Private Limited, a Company incorporated under the Companies Act, 1956, and having its registered office at, Urmi Corporate Park, 1st Floor, Solaris D, Opposite L&T Gate No.6, Saki Vihar Road, Powai, Mumbai 400 072, Maharashtra.

1.7 **"Remaining Business of INX"** means all the undertakings, businesses, activities and operations of INX other than the 9X Channel Business Undertaking of INX and specifically including the 9XM Music genre Television channel;

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 15 of the Scheme;

1.9 **"ZEEL" or "the Transferee Company"** means Zee Entertainment Enterprises Limited, a Company incorporated under the Companies Act, 1956, 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 INX as on March 31, 2010 is as under

Share Capital	**Amount in Rs.**
Authorized Share Capital	
10,025,000 equity shares of Rs.10/- each	100,250,000
699,75,000 preference shares of Rs.10/- each	699,750,000
Total	800,000,000
Issued, Subscribed and Paid-up Share Capital	
10,000,000 equity shares of Rs.10/- each	100,000,000
Total	**100,000,000**

There has been no change in the paid up share capital of INX post March 31, 2010.

2.2 The authorized, issued, subscribed and paid-up share capital of ZEEL as on March 31, 2010 is as under:

Share Capital	**Amount in Rs.**
Authorized Share Capital	
750,000,000 Equity Shares of Re. 1 each	750,000,000
TOTAL	**750,000,000**
Issued, Subscribed and Paid-up Share Capital	
434,007,111 Equity Shares of Re. 1 each	434,007,111
TOTAL	**434,007,111**

ZEEL has granted 43,40,000 stock options to its employees which upon exercise will increase the issued, subscribed and paid up equity capital of ZEEL. Post March 31, 2010, ZEEL had issued and allotted 50,476,622 equity shares on April 20, 2010 pursuant to the Scheme of Arrangement between ZEEL and Zee News Limited which became effective from March 29, 2010.

Post the merger of ETC Networks Limited (ETC) with ZEEL and pursuant to the Composite Scheme of Arrangement between ZEEL, ETC and Zee Learn Limited,

i) the Authorised Share Capital of ZEEL shall stand increased to Rs 1,399,200,000;

ii) the subscribed, issued and paid capital of ZEEL will stand increased to 488,897,306 equity shares of Re 1 each.

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 9X CHANNEL BUSINESS UNDERTAKING OF INX

4. VESTING OF 9X CHANNEL BUSINESS UNDERTAKING

4.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date the whole of the undertaking, assets, properties and liabilities of the 9X Channel Business Undertaking as defined in Clause 1.2 shall pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions, if any, of the Act 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 9X Channel Business Undertaking.

4.2 With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of INX relatable to the 9X Channel Business Undertaking shall also, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to ZEEL, so as to become from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of ZEEL and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.

4.3 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents relating to and or held by INX required to carry on operations of the 9X Channel Business Undertaking 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 statutory and regulatory permissions, registration or other licenses, and consents shall vest in and become available to ZEEL pursuant to the Scheme. In so far as various incentives, subsidies, special status and other benefits or privileges granted by any Government body, local authority or by any other person, or enjoyed and availed of by INX relating to the 9X Channel Business Undertaking, are concerned, the same shall vest with and be available to ZEEL on the same terms and conditions.

4.4 All the existing securities, mortgages, charges, encumbrances or liens, if any, as on the Appointed Date and created by INX after the Appointed Date, over the assets comprised in the 9X Channel Business Undertaking transferred to ZEEL by virtue of this Scheme and in so far as such securities, mortgages, charges, encumbrances or liens secure or relate to liabilities of the 9X Channel Business Undertaking, 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 and such assets as are transferred to ZEEL pursuant to the Scheme and such securities, mortgages, charges, encumbrances or liens shall not relate or attach to any of the other assets of ZEEL.

4.5 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 assets and properties of ZEEL and shall not extend or attach to any of the assets and properties of the 9X Channel Business Undertaking transferred to and vested in ZEEL by virtue of this Scheme.

4.6 Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, sales / service tax credits, holidays, incentives, concessions and other authorizations relating to 9X Channel Business Undertaking, shall stand transferred by the Order of the Court to ZEEL, ZEEL shall file the relevant intimations, if any, for the record of the statutory authorities who shall take them on file, pursuant to the vesting Order of the sanctioning Court.

4.7 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 Section 2(19AA) of the Income-tax Act, 1961. Such modification will however not affect the other parts of the Scheme.

4.8 It is hereby clarified that nothing contained in the Scheme shall in any manner affect any Remaining Business now or hereafter carried out by INX.

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 9X Channel Business Undertaking in ZEEL, ZEEL shall, without any further application or deed, issue and allot shares, credited as fully paid up, to the extent indicated below, to the members of INX whose name appears in the Register of Members of INX as on the June 30, 2010 or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, in the following manner:

"1 (One) fully paid Equity Shares of Re. 1 (Rupee One) each of ZEEL shall be issued and allotted to the shareholders of INX for every 71 (Seventy One) Equity Shares of Rs. 10/- (Rupees Ten only) each held in INX as on June 30, 2010."

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

5.3 The Equity Shares to be issued to the members of INX as above shall be subject to the Memorandum and Articles of Association of ZEEL and shall rank *pari passu* with the existing equity shares of ZEEL in all respects including dividends.

5.4 The Equity Shares shall be issued in dematerialized form to those shareholders who hold shares of INX in dematerialized form, in to the account in which INX shares are held or such other account as is intimated by the shareholders to INX and / or its Registrar before the Record Date. All those shareholders who hold shares of INX in physical form shall also have the option to receive the Equity Shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to INX and / or its Registrar before the Record Date. Otherwise, they would be issued Equity Shares in physical form.

5.5 The Board of Directors of ZEEL shall, if and to the extent required, apply for and obtain any approvals from concerned Government / Regulatory authorities for the issue and allotment of equity shares to the members of INX pursuant to clause 5.1 of the Scheme.

5.6 The equity shares to be issued to the members of INX pursuant to clause 5.1 of this Scheme will be listed and/ or admitted to trading on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, where the shares of ZEEL are listed and/or admitted to trading. ZEEL shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges.

5.7 The equity shares to be issued by ZEEL to the members of INX pursuant to clause 5.1 of this Scheme, in respect of any shares in INX which are held in abeyance under the provisions of Section 206A of the Act or otherwise, pending allotment or settlement of dispute, by order of court or otherwise, be held in abeyance by ZEEL.

5.8 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 applicable provisions of the Act for the issue and allotment of equity shares by ZEEL to the shareholders of INX, as provided in this Scheme.

6. UTILIZATION OF SECURITIES PREMIUM OF INX

6.1 Upon the demerger and resultant transfer and vesting thereof of assets and liabilities of the 9X Channel Business Undertaking as envisaged in Clause 4 of the Scheme, the shareholders funds comprising of securities premium of INX will no longer be fully represented by assets. To reflect the same, as an integral part of the Scheme, the shareholders funds comprising of securities premium is proposed to be reduced / utilized as the case may be.

Also, the shareholders funds comprising of securities premium of INX has suffered erosion on account of substantial losses in the 9X Channel Business Undertaking. It is therefore proposed to write off the accumulated losses against the said shareholders funds.

6.2 Utilization of securities premium of INX:

With effect from the Appointed Date:

6.2.1 After giving effect to clause 7.2.2, it is proposed to write off / adjust the profit and loss balance against the securities premium of INX to the tune of Rs 721,75,74,078.

6.2.2 The utilization of securities premium as aforesaid of INX shall be effected in terms of this Scheme and shall be sufficient compliance in terms of Sections 78, 100 to 104 of the Act and 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. However the order of the High Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction.

7. ACCOUNTING TREATMENT IN THE BOOKS OF INX AND ZEEL

7.1 IN THE BOOKS OF ZEEL

7.1.1 ZEEL shall record the assets and liabilities, pertaining to the 9X Channel Business Undertaking, more specifically detailed in Schedule 1 to the Scheme in Part A and Part B respectively, at the respective book values as at the close of business hours on the Appointed Date.

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

7.1.3 Loans and advances and other dues outstanding between ZEEL and the 9X Channel Business Undertaking of INX, if any, will stand cancelled and there shall be no further obligation / outstanding in that behalf.

7.1.4 Surplus, arising out of the excess of net assets of the 9X Channel Business Undertaking acquired and recorded by ZEEL in terms of clause 7.1.1 above, over the amount credited as share capital and after making adjustments referred to in clause 7.1.3 above, shall be credited to Capital Reserve Account. The deficit, if any, shall be debited to General Reserve Account.

7.1.5 If considered appropriate for the purpose of application of uniform accounting methods and policies between INX and ZEEL, ZEEL may make suitable adjustments and adjust the effect thereof in the General Reserve of ZEEL.

7.2 IN THE BOOKS OF INX

7.2.1 Upon the Scheme becoming effective, INX shall reduce the book value of assets and liabilities pertaining to the 9X Channel Business Undertaking.

7.2.2 The difference between the amount of assets and liabilities so transferred shall be adjusted against the balance of Profit and Loss Account in the balance sheet of INX.

7.2.3 The credit balance in the securities premium account shall be utilized towards adjusting the debit balance in the Profit and Loss account in accordance with clause 6.2.1 and 6.2.2.

PART III
GENERAL TERMS AND CONDITIONS

8. TRANSACTIONS UPTO THE EFFECTIVE DATE

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

(a) INX shall carry on and be deemed to have carried on the business and activities in relation to the 9X Channel Business Undertaking and shall stand possessed of their properties and assets relating to the 9X Channel Business Undertaking for and in trust for ZEEL and all the profits / losses accruing on account of the 9X Channel Business Undertaking shall for all purposes be treated as profits / losses of ZEEL.

(b) INX 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 9X Channel Business Undertaking or any part thereof except in the ordinary course of its business.

(c) INX shall not vary the terms and conditions of service of its permanent employees relating to the 9X Channel Business Undertaking except in the ordinary course of its business.

(d) ZEEL shall be entitled, pending sanction of the Scheme, to apply to the Central Government, State Government, Union Territories and all other concerned agencies, departments and authorities (statutory or otherwise) as are necessary under any law for such consents, approvals and sanctions, which ZEEL may require to carry on the business of 9X Channel Business Undertaking.

8.2 With effect from the date of approval to the Scheme by Board of directors of INX and ZEEL until the Effective Date, INX shall carry on the business and activities of 9X Channel Business Undertaking with reasonable diligence and business prudence for and in trust for ZEEL; Further, INX shall not engage in any corporate restructuring exercise including any merger and / or demerger, without the prior written consent of ZEEL.

9. DECLARATION OF DIVIDEND, BONUS, ETC.

9.1 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 shareholders as on the respective record date(s) for the purpose of any such dividend.

9.2 INX shall not utilize the profits or income, if any, relating to the 9X Channel Business Undertaking 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, without the prior written consent of the Board of Directors of ZEEL.

9.3 INX shall not prior to June 30, 2010 without the prior written consent of ZEEL, alter its 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 alter or change the share exchange ratio mentioned in clause 5.1 above.

9.4 In the event that ZEEL restructures its equity share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the Share Exchange Ratio (as provided in the Clause 5.1) shall be adjusted accordingly to take into account the effect of such corporate action(s).

9.5 Until the coming into effect of this Scheme, the holders of equity shares of INX and ZEEL shall, save as expressly provided otherwise in this Scheme continue to enjoy their existing respective rights under their respective Articles of Associations.

9.6 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 of INX and/or ZEEL to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of INX and ZEEL and subject, wherever necessary, to the approval of the shareholders of INX and ZEEL, respectively.

10. EMPLOYEES

10.1 On the Scheme becoming effective, all employees of the 9X Channel Business Undertaking in service on the Effective Date, shall be deemed to have become employees of ZEEL with effect from the Appointed Date or their respective joining date, whichever is later, without any break in their service and on the basis of continuity

of service, and the terms and conditions of their employment with ZEEL shall not be less favorable than those applicable to them with reference to the 9X Channel Business Undertaking on the Effective Date. Any question that may arise as to whether any employee belongs to or does not belong to the 9X Channel Business Undertaking, shall be decided by Board of Directors of INX.

10.2 It is expressly provided that, on the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts created or existing for the benefit of the employees of or relatable to the 9X Channel Business Undertaking shall be deemed to have been created by ZEEL in place of INX for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of INX in relation to such fund or funds shall become those of ZEEL. It is clarified that the services of the employees of the 9X Channel Business Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.

11. LEGAL PROCEEDINGS

11.1 All legal proceedings of whatsoever nature by or against INX pending and/or arising before the Effective Date and relating to the 9X Channel Business Undertaking, 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 INX.

11.2 All legal proceeding taken against ZEEL in respect of the matters referred to in the sub-clause 11.1 above, shall be defended at the cost of INX acting reasonably, and INX undertakes to reimburse and indemnify ZEEL against all liabilities and obligations incurred by ZEEL in respect thereof.

12. CONTRACTS, DEEDS, ETC.

12.1 Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but 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 9X Channel Business Undertaking of INX, 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 INX, ZEEL had been a party thereto from inception.

12.2 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 INX 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 INX and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of INX.

13. SAVING OF CONCLUDED TRANSACTIONS

13.1 The transfer and vesting of the 9X Channel Business Undertaking as above and the continuance of proceedings by or against INX in relation to the 9X Channel Business Undertaking 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 INX in respect thereto from the Appointed Date as done and executed on behalf of ZEEL.

14. FURTHER ASSURANCES

14.1 INX and ZEEL shall, as may be required, make applications and/or petitions under Sections 391 to 394 read with Sections 78, 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.

14.2 INX 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.

15. MODIFICATION OR AMENDMENTS TO THE SCHEME

15.1 On behalf of INX and ZEEL, the Board of Directors of respective companies, may consent, on behalf of all persons concerned, to any modifications or amendments of the Scheme and without prejudice to the generality of the foregoing, any modification to the Scheme involving withdrawal of any of the parties to the Scheme at any time and for any reason whatsoever, or to any conditions or limitations that the High Court or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or

appropriate by them (i.e. the Board of Directors) and solve all difficulties that may arise for carrying out the Scheme and do all acts, deeds and things necessary for putting the Scheme into effect.

15.2 For the purpose of giving effect to this Scheme or to any modification thereof the Board of Directors of INX and ZEEL may give and are authorised to give such directions including directions for settling any question of doubt or difficulty that may arise.

16. CONDITIONALITY OF THE SCHEME

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

16.1 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.

16.2 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 INX 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.

16.3 The Scheme being sanctioned by the High Court of Judicature at Bombay or any other authority under Sections 391 to 394 read with Sections 78, 100 to 104 of the Act.

16.4 Certified copy of the Order of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra, at Mumbai by both the companies.

17. EFFECT OF NON-RECEIPT OF APPROVALS

17.1 In the event of any of the said sanctions and approvals referred to in the preceding Clause 16 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 December 31, 2010 or such other date as may be agreed by the respective Board of Directors of INX 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.

18. COSTS, CHARGES & EXPENSES

18.1 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 1

9X Channel Business Undertaking

Part A

Assets relatable to the 9X Channel Business Undertaking:

Serial No.	Assets	Amount
1	Fixed Assets	70,222,332
2	Sundry Debtors	34,486,184
3	Service tax credit	404,618,945
	Total	**509,327,461**

Part B

Liabilities relatable to the 9X Channel Business Undertaking:

Serial No.	Liabilities	Amount
1	Bank loan (Axis bank)	600,476,187
2	Sundry creditors	9,158,410
3	Employee cost payable	1,5705,445
4	Advance from customers	14,296,666
5	Other provisions	2,770,400
	Total	**642,407,108**

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 349 OF 2010

In the matter of the Companies Act, 1956 (1 of 1956);

AND

In the matter of Sections 391 to 394 read with Sections 78 and 100 to 104 of the Companies Act, 1956;

AND

In the matter of Scheme of Arrangement between INX Media Private Limited ('INX or 'the Transferor Company') and Zee Entertainment Enterprises Limited ('ZEEL' or 'the Transferee Company') and their respective shareholders

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.) Applicant Company

FORM OF PROXY

I/ We _____ the undersigned, being the Equity Shareholder(s) 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 Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025 on Tuesday, 20th day of July, 2010 at 10.30 a.m. for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed arrangement embodied in the Scheme of Arrangement between INX Media Private Limited and Zee Entertainment Enterprises Limited and their respective Shareholders 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 latter 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 modifications as my/our proxy may approve.

*Strike out what is not necessary

Affix Re 1/ revenue stamp

Signature _____

Dated this _____ day of _____, 2010

Name _____

Address _____

_____

Reg. Folio No. _____

Client ID No. _____

DP ID No. _____

No. of shares _____

Signatures of Shareholder(s)

Sole / First Holder : _____

Second Holder : _____

Third Holder : _____

Signature of Proxy

Proxy : _____

Notes:

(1) The Proxy must be deposited at the Registered Office of the Company at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018 at least 48 hours before the time for holding the meeting. The proxy need not be a member of Zee Entertainment Enterprises Limited.

(2) All alterations made in the form of Proxy should be initialed.

(3) In case of multiple proxies, the proxy later in time shall be accepted.

ZEE ENTERTAINMENT ENTERPRISES LIMITED

Registered Office: Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai -400 018
Tel Nos.: +91 22 6697 1234 Fax No. : +91 22 2490 0302
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 hereby record my presence at the Meeting of the Equity Shareholders of the Company, convened pursuant to the Order dated 11th June 2010 of the Hon'ble High Court of Judicature of Bombay, at Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025 on Tuesday, 20th day of July, 2010 at 10.30 a.m.

Name and Address of Equity Shareholder : _____

(IN BLOCK LETTERS) : _____

Signature : _____

Reg.Folio No. : _____

Client ID : _____

D.P. I.D. : _____

No. of Shares : _____

Name of the Proxy **(IN BLOCK LETTERS)** : _____

Signature : _____

NOTE :

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

BOOK POST / U.C.P.

To,

If undelivered, please return to :

ZEE ENTERTAINMENT ENTERPRISES LIMITED
Registered Office: Continental Building,
135, Dr. Annie Besant Road, Worli, Mumbai -400 018
Tel Nos.: +91 22 6697 1234 Fax No. : +91 22 2490 0302
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