

## Zee Entertainment calls proxy firm's governance report biased

By Javed Farooqui & Maulik Vyas, ET Bureau | Last Updated: Feb 11, 2026, 10:01:00 AM IST

### Synopsis

Zee Entertainment has dismissed a proxy advisory firm's call for shareholder activism as biased, stating the issues raised are old and have been addressed. The company countered allegations of promoter influence and a \$1 billion arbitration claim, asserting related-party transactions have declined and are conducted at arm's length.



**Zee Entertainment** has termed proxy advisory firm **InGovern Research Services'** call for shareholder activism against the company as biased and devoid of any new issues.

The entertainment company, which has been under regulatory glare over **corporate governance** issues, said the timing of InGovern's report was suspect as there was no new corporate development to trigger it.

In its governance watch report on Zee this month, InGovern alleged multiple corporate governance issues that it said have a bearing on the company's growth.

One of the key issues highlighted in the report was the alleged influence wielded by the promoters on the company despite having only a 3.99% shareholding. Other issues included promoters not increasing their stake despite having Rs 500 crore in liquid cash, the \$1 billion arbitration claim by JioStar for not honouring an International Cricket Council TV deal and the board's abdication of duty to protect the interests of public shareholders.

These are old issues addressed by the company in the past, Zee told InGovern in an emailed response dated February 9, a copy of which ET has seen.

On the promoter influence on the company, it said the number and amount of related-party transactions had significantly declined over the past few years and all such deals were in the ordinary course of business, and conducted on an arm's length basis.

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Family members of chief executive [Punit Goenka](#) have acquired about a 0.75% stake in Zee from the open market in their personal capacity over the last around nine months, it said.

The report fails to acknowledge that the ICC TV rights acquisition was subject to conditions precedent including submission of financial commitments and guarantees, and the cricket body's approval for sub-licensing to the company, Zee said.

The proxy advisory firm also flagged CEO Goenka's remuneration amid the removal of more than 900 employees between FY23 and FY25. It said Goenka's FY25 remuneration of Rs 17.4 crore was 40 times the median remuneration.

Legal experts said there was a governance alignment issue since shareholders had in recent years voted against the company's key proposals including reappointment of Goenka as managing director and a hike in promoter shareholding through a preferential issue.

"Markets look for a clear link between ownership, control, and accountability," said Sumit Agrawal, senior partner at regulatory advisory practice firm Regstreet Law Advisors. "When that balance weakens, confidence weakens with it. Corporate governance fails not when promoters own too much, but when they control too much without owning enough."

Jyoti A Singh, founder of law firm AJA Legal, said rejecting the proposal for the reappointment of Goenka as MD in November 2024 and voting against promoter-led capital infusion through preferential warrants in July last year showed that shareholders were actively involved in decision-making.

"Without commenting on the veracity of the latest report by InGovern seeking shareholder activism, it certainly adds to the problems currently faced by Zee Entertainment and its promoters, especially in view of a fresh Section 7 (for insolvency proceeding) being filed by [IDBI Bank](#) and a fresh show cause notice issued by Sebi, which require a hand-in-hand approach by the board and shareholders to safeguard the interests of all stakeholders," said Singh.

Market regulator Sebi on January 16 issued a show-cause notice to the company, some current key managerial personnel and former directors, alleging violations of regulations related to inter-corporate deposits ([ICDs](#)) made and assigned in earlier years.

The company said it has sufficient evidence to respond appropriately to the notice, adding that the ICDs in question were fully provided for in the books of account in prior years.

Responding to shareholder queries on why promoters are not increasing their stake, the company said promoters believe they can acquire only about 4-5% using currently available funds, which they do not consider a meaningful increase.

The promoters said they are working on liquidity arrangements and will raise their holding once they are able to make a meaningful investment.

Independent counsel Vyapak Desai said the era of “check the box” mentality on compliance of corporate governance regulations with selective or limited disclosures was over.

“A company is expected to substantially and openly address the repeated concerns on ‘related-party transactions’ and ‘control’, more so when promoter holding has reduced to less than 5%, to avert another story of value destruction with tragic ending of public shareholders suffering significant loss,” Desai added.

While Hetal Dalal, president and chief operating officer at IiAS, said the company needs leadership change. The long-term interests of non-promoter shareholders would be best served by a complete reconstitution of the board with an independent and unconflicted slate of directors.

Zee shares ended about 1.1% higher at Rs 93.67 on the BSE Tuesday.