



Extraordinary Together

Investor Call with Punit Goenka (MD & CEO, ZEEL)

January 28, 2019

Moderator: Ladies and Gentlemen, Good Day. And welcome to the Zee Entertainment Enterprises Limited Investor Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for an operator by pressing "*" then "0" on your touchtone telephone. Please note that this conference is being recorded. I would now hand conference over to Mr. Bijal Shah. Thank you and over to you, sir.

Bijal Shah: Thanks, Janice. Hello, everyone, and welcome to the call. This call is to update our analyst and investor about the understanding which has been reached between the principal shareholders, Essel Group, and the lenders. We have with us Mr. Punit Goenka – Managing Director and CEO and part of promoter family, to update you on the developments over the weekend.

We will start with a brief statement from Mr. Goenka which will be followed by Q&A. The duration of the call will be 30 minutes. Before I pass it onto Mr. Goenka, I would like to remind everybody that anything we say during this call that refers to our outlook for the future is a forward-looking statement and must be taken in context of the risks that we face.

Thank you, and over to you, Mr. Goenka.

Punit Goenka: Thank you, Bijal. Good morning everybody. I would like to thank you all for joining us today at such short notice. First of all, I would like to use this platform to express the promoter family's gratitude to all the lenders who have shown trust and faith in promoters' vision and the values that it represents. I am extremely happy to say that our lenders see the core value of the media assets we have built and have reiterated that their belief in our company continuous to remain strong. Over the weekend the promoters of Essel Group met with the lenders comprising mutual funds, NBFCs and banks who have pledge on the shares of Zee and reached agreement according to which there will be no event of default declared due to the steep fall in the stock price



of the same on Friday. With this agreement in place we do not think that should be any further invocation of pledge shares and will help protect value for all our stakeholders. They have also drawn comfort from the promoters' plan of speedy resolution of the debt repayment through the strategic sale of assets in a time bound manner giving us enough time to find the right strategic partner for the company.

I would also like to thank everyone who has supported us over the last couple of days. With this I would now like to address any questions that you may have.

Moderator: Thank you very much, sir. Ladies & gentlemen, we will now begin with the question-and-answer session. We take the first question is from the line of Abneesh Roy from Edelweiss Securities. Please go ahead.

Abneesh Roy: My first question, in the letter which the Chairman issued, there was one comment that DishTV acquisition of Videocon was a mistake. Any comment you can make on what exactly was the mistake?

Punit Goenka: Abneesh this is not my area of expertise neither am I competent to answer that. I think let us reserve this call for the discussion of what agreement we have reached with the lenders and what impact that has on Zee.

Abneesh Roy: Second one was that now the deal in the next two, three month that happens. So, on the management time I had one question - now this Kerala launch has happened, now TRAI tariff order. On the management time to the business, will there will be any change? I understand you are running Zee while the other part of the family are running the Essel thing, but if you could give us some comfort on the management and the focus or any down scaling of any investment plan on the business?

Punit Goenka: No there is no down scaling of any plan on Zee. Future of Zee we will continue as per the plan and my time and my team's time is focused on running the company and the process.

Abhish Roy: And on the lender agreement which happened over the weekend, my question was were all the key mutual funds present there or was there any fund not present? So would there be an issue that some fund which was not present there they will not agree to it and that could be a spanner in the entire thing?



Punit Goenka: Abneesh we have covered 96-97% of the lenders through this process over the weekend and 2-3% is still open but we are working towards it so that they are also covered.

Abneesh Roy: Last one, earlier when the deal of the stake sale of the Zee was announced you had said the international partner will be the preferred one and you are looking to sell close to half of your stake at best. Any change to that post the fall and post the development which has happened over the weekend?

Punit Goenka: I hope not but as I said on the Friday call that we are committed towards the shareholders of Zee and now the lenders of the promoter. We need to solve for both issues and therefore we are open to discuss any possibility.

Moderator: The next question is from the line of Jay Shah from OHM Portfolio?

Jay Shah: My question remains the same on the collateral value. Given the settlement with the lenders what is the situation if the stock price falls by 10% or 15%, in the sense is there any agreement on the collateral value for this because obviously the collateral value would have dropped given the fall at the stock price?

Punit Goenka: Jay the lenders have come to a conclusion that it is better for them to let us to run the process for them to take it out so there will be stand still now going forward. They are not going to act based on what the pricing is going to be on the market.

Jay Shah: Hypothetically, if collateral value dips to zero or negative they would still give the time that has been decided and any idea on the timeframe that they have given to you to work out the settlement?

Punit Goenka: They have given us enough time to work on it and the timeline extends even beyond the deadline that we have set for us.

Jay Shah: Again Punit my question is that if you look at the mutual fund and banks they would have their own risk management process so wont they will be compelled to sell a part of the holding again provided the collateral value falls further or else that is also considered as a part of the agreement so if you can throw light on that?

Punit Goenka: It is a collective agreement that we have done, and I hope they have taken all that into consideration.



ZEE Investor Conference Call - January 28, 2019

Moderator: The next question is from the line of Karan Taurani from Elara Capital. Please go ahead.

Karan Taurani: My question was pertaining to the conversation you would have had with your strategic partner post the Friday thing, so any update from them as to how are they are seeing the entire thing?

Punit Goenka: The only update from the potential strategic partners has been that we need to resolve with our lenders and then reengage with them, and I expect to do that starting this week itself. I think our first priority over the weekend was to resolve this issue with the lenders which we have successfully managed to do and now we should get back into the process again in the same sprit as we were doing prior to Friday?

Karan Taurani: Secondly in this kind of a scenario, is the management now open to giving away the entire stakes as well as compared to 50% stake told about earlier, I mean what is the management stance on this right now?

Punit Goenka: As I said earlier that along with the minority shareholders interest I now have to also work towards the promoters interest of getting this entire debt off their books and this process is not just Zee stake sale but the other assets sale as well and therefore a combination of the two will be the answer and whatever is the best fit getting this resolution will be our priority.

Karan Taurani: Just one last thing from my side sir is basically in terms for the timeframe attached to this deal. You had earlier pointed out probably by March so that timeframe remains the same or is there a delay or is there anything earlier expected on that?

Punit Goenka: As I said, with the lenders we have timeframe which extends beyond the April'19 deadline that we have committed towards. We were now reengaged with the prospective strategic buyers and I am confident that we should be able to do it in the timeline what the bankers have set for us or that we have set for ourselves.

Moderator: The next question is from the line of Adi Desai from York Capital. Please go ahead.

Adi Desai: The key question I had is to clarify this agreement/understanding. My understanding is, is this like an official standstill agreement between the lenders and the promoters where the lenders act in a manner as you said not to invoke more shares? Is there like an official agreement or is it more like a verbal understanding? I mean I am just trying



to understand and I think someone else asked the question, are we comfortable that some lenders might not act to sort of invoke more shares?

Punit Goenka: No, it will have to be in formal agreement for it to be viable or valid for us for the timelines that we have discussed?

Adi Desai: Sorry is it a formal written agreement.

Punit Goenka: Yes

Moderator: The next question is from the line of Vikash Mantri from ICICI Securities. Please go ahead.

Vikash Mantri: Sir what is the total loan against Zee stocks that has been placed that is outstanding as of now?

Punit Goenka: We are not at liberty to share the numbers, but I can tell you against the 59-odd percent of the promoter shareholding which is pledged, most of the covenants have been breached and we were in default as of Friday or all of them. But with this stand still, I think we have a cure in place and as you had requested us in the last call on Friday, we are sending at advisory to the exchange of how much was invoked on Friday and sold, which was about 60 bps of the company shareholding and therefore the way the promoter shareholding now stands at, instead of 41.6%, it now stands at 41% so that is where we are.

Vikash Mantri: Have we provided more pledge stock to the lenders to help with the covenants?

Punit Goenka: No, we are not providing any more pledge to the lenders. The deal that has been reached I am not at liberty to share the details, but no more pledge has been done, and over the week or 10 days, we would be coming to even declare to you what the current pledge levels would be going forward.

Vikash Mantri: What is the latest cash in books in Zee Entertainment and why have we not considered a buyback?

Punit Goenka: So, the latest cash on the book is what we had declared during the third quarter call. It has not changed save for any working capital that may have changed in the last 10-15 days. We have not declared a buyback because we believe that it could probably



hamper any part of our strategic sale process and we want to it remain status quo at the company.

Vikash Mantri: Is this agreement with lenders only to do with Zee and the other group stock Siti Cable DishTV, ZMCL all of this are not part of that deal?

Punit Goenka: As per the release that we have issued last night Vikash, this covers Zee Entertainment and DishTV.

Moderator: The next question is from the line of Rajiv Sharma from SBICAP Securities. Please go ahead.

Rajiv Sharma: Just one question from my side Punit. You mentioned this that now you will look at the whole issue with minority share interest on one side as well as the promoter debt on the books. So, I am just trying to understand how will the approach change? What will it mean for the Zee minority shareholders?

Punit Goenka: For the Zee minority shareholders it is about getting the right value for the asset as well as getting the right partner for the company for the long term?

Rajiv Sharma: Has anything changed when you take both under consideration?

Punit Goenka: I think the biggest thing that we have been able to achieve with this agreement with the lenders is that this is no longer a distress sale asset and now we have the opportunity to continue the process in the way and manner we were running it before Friday. And I am quite pleased that I will be able to achieve what is in the best interest of the minority shareholders going forward.

Rajiv Sharma: I do not know how you want to respond on this, but there are news reports talking about Apple, Ali Baba and Reliance Jio considering to pick up stake in Zee, so any color you want to provide on this?

Punit Goenka: After Friday, now I have to reengage with all of the prospectives. I would not have given you the names even if Friday had not happened but allow me the confidentiality that I must respect for the people who are in the process. And at the right time I will share what is going to be the next steps.

Moderator: Thank you. The next question is from the line of Sachin Salgaonkar from Bank of America. Please go ahead.



Sachin Salgaonkar: Punit I just have one question. I mean looking at Subhashji's press release which came up on Friday and looking at your agreement, we just wanted to understand, I mean the sense what it comes across as, potential strategic sale is of a key importance for the lenders also to not trigger any further invocation of pledge shares. Does that not put bargaining power in the hands of the potential buyer from that perspective or do you think that you guys also have an equal, basically, I was looking it more from a valuation perspective?

Punit Goenka: If it is a one-on-one negotiation with only one party, yes, I completely would agree with your statement, but given that they have multiple suitors and given the intrinsic value of the asset that we are trying to sell, I believe that we can derive the right value for the assets in the best interest of the minority shareholders.

Moderator: The next question is from the line of Ali Asgar Shakir from Motilal Oswal Securities. Please go ahead.

Ali Asgar Shakir: Couple of questions Punit. First is it possible to share what is the group debt, for the overall Essel Group? And second, just the same question that Sachin asked, just a little broader point is, I understand that we have an agreement with the lenders to not sell the shares but given that now the stock price is at 300, do you run the risk that probably the strategic buyer could directly engage with the lenders if the stock probably languishes here and therefore the price you get for your asset could be much lesser?

Punit Goenka: First question, Ali I am not at liberty to share what the complete, but as I stated earlier at 59% odd pledge of Zee, the covenants have been breached. So we are in default and you can take on that number. But if you are referring to a hostile takeover kind of situation, laws of takeover in this country I think would restrict anybody to try and buy it out at this current price. If you look at the current laws, on this basis as of Thursday anybody who wants to make an open offer would have to pay a price of Rs. 534, sorry I have not had the time to calculate it with the Friday number, but as of Thursday, that is the number that I told you.

Ali Asgar Shakir: Yes, I understand, but for that open offer also to get triggered, I understand there is over 25% stake somebody has to buy. So I mean probably lesser than that close to 24%-odd can really be bought directly from the lenders even for that regulation to get triggered?



Punit Goenka: It is also now that we have an agreement with the lenders if they breach that and want to do that is a very separate thing. But I am hopeful that we have come to an agreement with them with lot of sweat and blood and we expect that can allow us to run the process in a manner that is befitting for the company.

Ali Asgar Shakir: And just on the first question, the point you mentioned, 59% pledge which has triggered the default, that is the only working we should assume for the group debt, there is nothing as separate that the group debt would include, is that understanding correct?

Punit Goenka: That is the only working you should include considering the Zee impact. I mean how that impacts the rest of the group is of no relevance from this call's perspective. I think what it means is that we need to figure out to run the process and get the strategic partner in to keep the value for the minority shareholder intact.

Moderator: The next question is from the line of Riken Gopani from Infina Finance. Please go ahead.

Riken Gopani: Sir I just wanted to understand apart from the pledge shares at the India entity level, are there any other borrowings against the Zee shares and has there been any other agreement reached with the International lenders also?

Punit Goenka: No, we have pledges only in India and that is the extent of our agreement so far with the lenders?

Riken Gopani: So, there is neither a negative lien or any sort of structure that there would be borrowing at the group level internationally against the Zee shares, would that be a correct understanding?

Punit Goenka: Sorry I did not understand what you mean.

Riken Gopani: Basically, I understand there are shares at the international promoter company level as well, would there been any charge or any negative lien on which there would have been borrowing at the international company level, would that be correct to assume that there is not anything?

Punit Goenka: I am not sure that I have an answer for that, but as far as I know that the pledges only exist in India and there is no pledge level at the international level that we have.



Riken Gopani: Just to understand this moratorium holds for a period of 90 days that is correct right?

Punit Goenka: No, it is not 90 days it is much longer, but I am not at the liberty to share the deadline. As I said, it extends even beyond the April deadline that I had set for myself for the strategic sale we agreed with the potential buyers.

Moderator: We take the next question from the line of Nilang Mehta from HSBC Global Asset Management. Please go ahead.

Nilang Mehta: Just wanted to check if you could share, while you have not shared the quantum of the loans against the shares in total, but if you could give a breakup how much of that contributed towards mutual funds, NBFCs and banks?

Punit Goenka: Sorry, I would not even have the details if I wanted to share with you.

Nilang Mehta: We were able to join bit late on the call, can you just say what percentage of lenders have agreed to these terms in that meeting which you had?

Punit Goenka: It is 96% to 97%.

Moderator: The next question is from the line of Subhradeep Mitra from UTI Mutual Funds. Please go ahead.

Subhradeep Mitra: Sir just wanted to check on the promoter side whether Zee Entertainment or any of the operating subsidiaries have any, I would say, non-fund-based liability or any kind of intercorporate dealings with the promoter holding companies or the parties involved in this LAS transactions?

Punit Goenka: The only linkages we have with the promoter companies are operational which is with, let's say, companies like DishTV or Siti Cable where we supply our content to them. We have no linkages on the LAS based activities with these companies and Zee has no operating financial lines with any banks.

Moderator: We take the next question from the line of Jai Doshi from Kotak Securities. Please go ahead.

Jai Doshi: My question is already answered earlier and just thank you for being available or accessible to investors over the weekend.

Punit Goenka: Thank you Jai, I appreciate that.



ZEE Investor Conference Call - January 28, 2019

Moderator: We take the next question from the line of Kapil Singh from Nomura Securities. Please go ahead.

Kapil Singh: I just wanted to get some color on what kind of details have been shared with the lenders which has given them the comfort to hold on till period beyond April, just some color on that would be helpful?

Punit Goenka: Details of you mean the company?

Kapil Singh: Of the transaction or on what basis they have derived comfort to hold on till April?

Punit Goenka: I think two things that the lenders have recognized. First, that we are in the best position to run the process and recover the value for the promoters and in lieu recover the value for the lenders. Secondly, the intrinsic value of the asset, which is publicly known, I do not think we need to share any details with lenders on that. So, we have not shared any details regarding the process, in terms of who we are talking or what the deal structure could be. I think these were the two fundamental things that we focused on with the lenders and some of the key lenders have taken it upon themselves to convince the others and I am quite grateful to them to have done that for us and to partner with us to take this thing to the logical end.

Moderator: The next question is from the line of Shawn D from Swiss Asia. Please go ahead.

Shawn D: First of all, I want to thank you and your team for the exceptional job you have done over the weekend in terms of keeping the investors informed. I think this is best of class and I thank you for that. I have two questions, first of all, have you had any reply from The Wire and have they indicated that they would issue a retraction of any sort?

Punit Goenka: I have no information on that because my focus over the weekend has been to get this agreement with the lenders and keeping the shareholders informed. I think that is something that we will now look at going forward. I think, as I have been in my usual sense, look at the future rather than at the past, and I am continuing to do that. We will pursue our legal rights against The Wire and that still remains, but from my perspective, I am focused more on the future rather than what has happened so far.

Shawn D: My second question Punit is about the cashflows. Within the Essel group you have number of deals that are going to come fruition shortly, so have you given any sort of securitization or first rights to receive those cash flows to the lenders before they



come to the bank accounts of the Essel Group, is that an example of something you have done to give them comfort?

Punit Goenka: We have definitely given comfort to lenders that any equity realization that we have over the next few months would be first given to the lenders and it will go towards removing their securities and only then the benefit of that will come to the promoters.

Shawn D: Like an escrow or something of that sort that would perform a structure for how this is going to happen or this is just an undertaking by yourself?

Punit Goenka: I do not have the details, but it is an undertaking for sure and even if it means an escrow, so be it, we are not closed to that either.

Moderator: The next question is from the line of Yogesh Kirve from B&K Securities. Please go ahead.

Yogesh Kirve: So the arrangement that we have with the lenders, so is it restricted or focused on the collateral and the invocation of shares or does it also involve a moratorium on the payment of interest or principals over the timeline?

Punit Goenka: it is a collective deal Yogesh so it covers all aspects.

Moderator: We take the next question from the line of GV Giri from India Infoline. Please go ahead.

GV Giri: Remaining 3% of the lenders, when is that going to get closed out and with 3% by value, is that what 3% refers to? And lastly, the term default only refers to the value of the collateral dipping below the loan value?

Punit Goenka: On the 3%, it is the value of the loan not the number of lenders. We have been, and I am sure my team has been working even through the night on it, and once I have an update I will reach out to you to give you an update. I do not have an update as to by when we will have those closed out. The default is as you said on the trigger of the value that is under default.

Moderator: We take the next question from the line of Jagannadhan T from Centrum Broking. Please go ahead.



Jagannadhan T: Just a couple of queries. I think over the weekend you had engaged with the lenders where there is pledging of shares, what is the status of lenders where there is no pledging, the remaining lenders, is there any default or what is the status of situation on that side?

Punit Goenka: Where there are no pledges, those are largely operating entity level loans and I think operating entities would be dealing with those in a manner that they are. I cannot comment or even give you any color on it if there are any defaults there, because currently we are only dealing with the promoter-led loan against share issue and how that impacts Zee Entertainment.

Jagannadhan T: But as we speak there is no default on that side I believe?

Punit Goenka: I would not even have the data to share with you.

Jagannadhan T: But that is a fairly sensitive thing. Out of your total loan book let us say how much of the loan percentage is through pledging of share and how much of the loan percentage is other than pledging of shares?

Punit Goenka: See promoter level loans are all through pledging and that is where we stand today. I do not have the number to share with you because I would not have color on how many operating companies have what kind of loan level and therefore difficult for me to comment on your question.

Jagannadhan T: And other question is, the blanket moratorium that lenders have given, out of those lenders who have the pledging of shares, is it a blanket moratorium or is it any trigger price level below which again probably you have to re-engage the dialogue with them or is it a case of next 90 days or whatever period you have the moratorium, that is irrespective of price level?

Punit Goenka: No, it is a composite deal and there is no caveats that are put into it. It is a time bound deal that we have with them and that is how it is a consolidated time bound structured agreement with them.

Jagannadhan T: Last question is considering all these NBFCs and all these financial institutions even they have to honor and have their own regulatory requirements in providing the NPA, etc., so what was the comfort they got, I mean what was the overall dialogue and how was the overall relation on the weekend when you are interacting with them how was the tone?



ZEE Investor Conference Call - January 28, 2019

Punit Goenka: It was very respectful and mutual because I think what they recognized is that while there is an event which has caused this default to happen, but the intention of the promoters is to repay every one of the lenders. They also understand the fact that we are the best placed in terms of running the process and solving the issue to make sure that we repay them, and lastly that the intrinsic value of the underlying assets that we have remains intact, and these are the reasons why I think the lenders have come together to agree to a settlement with us for a period of time.

Jagannadhan T: One final question, what is the cash and cash equivalent position current whatever the latest figure that you can share?

Bijal Shah: You can look at our Q3 conference call transcript and you will get data from that.

Moderator: Ladies and gentlemen that was the last question for today. I would now like to hand the conference over to Mr. Bijal Shah for his closing comments.

Bijal Shah: Thank you everyone. We understand some of you could not join the call on time. We will be uploading the audio link to the call very shortly. I think it should take one and half hours by when we will get and it will be available on our website. In any case if you have any question or follow up query, you can reach out to anyone in investor relation team. Thank you very much.

Moderator: Thank you. Ladies & gentlemen, on behalf of Zee Entertainment Enterprises Limited, we conclude today's conference call. Thank you all for joining us. You may now disconnect your lines now. Thank you.