



January 31, 2019

Extraordinary Together

The Surveillance Department
National Stock Exchange of India Ltd
Exchange Plaza, Plot No. C/1,
G-Block, Bandra-Kurla Complex,
Bandra (East), Mumbai 400 051

The Surveillance Department
BSE Ltd
PJ Towers, Dalal Street
Mumbai 400 001

Dear Sirs/Madam,

Sub: Clarification on News Item

This has reference to the email received from NSE at 8.34 PM on January 30, 2019 and BSE on January 31, 2019 seeking clarification on a Media news titled 'New facts emerge about lending to Zee' appeared in web version of "economic times.indiatimes.com".

We wish to inform that:

- The said article does not comment on, or relate to, the Operations of the Company and we confirm that the said news article will not have any material impact on the business operations of the Company;
- The Promoters of the Company had issued a Press Release titled "Essel Group arrives at an agreement with the Lenders" on 27 January 2019 following which the Company had a con-call commencing from 8.30 AM on January 28, 2019 to provide update on the said agreement. Transcript and the Audio replay of the said con-call has been uploaded on the website of the Company.

It may further be noted that currently there is no event or information / announcement as per Regulation 30 of Listing Regulations which need to be reported / communicated by the Company.

While on the subject of clarification, we would like to draw attention to the article titled "Time to Take a Contrarian Call on Zee Entertainment" appeared in today's print version of The Economic Times, copy of which is attached.

For Zee Entertainment Enterprises Limited

M Lakshminarayanan
Chief Compliance Officer & Company Secretary



Encl. As stated

Zee Entertainment Enterprises Limited

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Group level concerns unlikely to affect Zee's functioning & earnings, say analysts

Time to Take a Contrarian Call on Zee Entertainment?

ET ANALYSIS

Rajesh.Naidu@timesgroup.com

ET Intelligence Group: The V-shaped recovery in the Zee Entertainment stock since last week's precipitous plunge puts the spotlight on the most precious asset in value investing: Patience.

For investors in India's largest listed media company, the need to stay put was never so vitally important than at present. The key is to assess the recent roller-coaster ride in its correct context. The fundamentals that drive the operations at Zee are intact. Zee has a viewership market share of 23% in India and a dominant position in regional channels. The earnings trajectory remains strong, with 15-16% growth in Earnings per Share (EPS) anticipated in the two years ending FY20.

An attractive aspect of Zee's operations is the inherent strength of its business. This is one of the key reasons many analysts continue to be bullish on Zee. Also, after increasing its investments in the Over The Top (OTT) platform Zee5, the company has guided that it is likely to sustain 30% operating profit margins.

Continued on >> Smart Investing

Zee Group: Key Numbers

FY19 Financial Performance of key Essel Group Companies

	Zee Enter	Essel Propack	Shirpur Gold Refinery	Dish TV India	Siti Networks	Zee Learn
Revenue	6,589.00	2,391.16	5,296.68	4,621.20	1,410.40	268.51
EBITDA	2,069.30	472.75	56.10	1,316.02	308.55	102.08
Net Income/Net Profit (Losses)	1,479.10	171.60	14.33	-75.04	-193.86	49.28
Basic Earnings per Share	15.40	5.46	4.92	-0.69	-2.22	1.52
Cash From Operations	665.10	319.99	219.81	802.08	246.01	229.75
Free Cash Flow	490.80	179.45	219.81	-35.18	-142.15	216.23
D/E Ratio	0.26	0.67	1.51	0.60	3.20	0.79
EPS FY19E (in ₹)	16.89	6.31	-	0.95	-2.20	2.40
EPS FY20E (in ₹)	19.55	7.59	-	1.71	-1.40	3.40

Source: Bloomberg, Capitaline; Compiled by: ETIG Database, ₹ crore; E. estimated

Zee: A Contrarian Bet?

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Media & Entertainment analyst Rohit Dokania of IDFC Securities in his report on the company notes, "We believe Zee's fundamentals remain strong and unaffected from group level concerns. We continue to believe that some strategic partner will find Zee a unique asset given its high market share in such a competitive TV broadcast market.

Moreover, such opportunities come rarely. As of now we do not think that the group level concerns will have any impact on the day-to-day functioning of Zee and hence we maintain our earnings estimates and 'outperformer' rating on the stock."

Furthermore, among all the Essel Group companies, Zee Entertainment is the most valuable asset from an acquirer's standpoint. Unlike other Essel Group companies, Zee has the highest

revenue, cash flow from operations, the lowest debt in its capital structure, and most importantly, strong brand equity.

Third, the company is trading at an attractive valuation relative to both global and local peers. According to Bloomberg, currently, Zee is trading at an EV/EBITDA that is 37% cheaper than the multiples for global media and entertainment companies and about half of what the Indian peers command.

If this discount widens in the coming months, then the company's stock would become even more attractive.

To be sure, volatility would persist in the short term after Essel Group chairman Subhash Chandra said that he is likely to find in the next three months a buyer for half of his stake in Zee. But given Zee's pivotal role in the overall operations of the Essel Group, investors stand a good chance of stellar rewards for their patience.