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CIN :L80301MH2010PLC198405



www.zeelearn.com

Date: 10th July, 2020

BSE Limited

Corporate Relationship Department,
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Fort, Mumbai-400 001
Scrip Code: 533287

National Stock Exchange of India Limited

Exchange Plaza, Plot No.C/1,
Block G, Bandra-Kurla Complex,
Bandra (East),
Mumbai-400 051
Symbol: ZEELEARN

Sir(s),

Sub: Press Release for Rating downgrade by CARE RATINGS in relation to Non-Convertible Debentures issued to UTI MF amounting to Rs. 65 Crores by the Company / Zee Learn Ltd.

The Press Release mentioned above has been issued by CARE Ratings on July 7, 2020 which has been received by the Company on July 8, 2020. The Company has contested the same and the background is as under:

1. The Company has filed a Writ Petition in the Hon'ble Bombay High Court seeking a declaration that the date of repayment and/or redemption of the NCDs stands extended by three months after the lockdown on schools and colleges is lifted. Further, on the last date of hearing of the Writ Petition i.e. on 30th June 2020, the Senior Counsel representing UTI, had made a categorical statement that no further action would be taken by UTI till the date of next hearing.
2. Zee Learn Ltd (consolidated) is an otherwise robust company with Total Revenue of Rs. 549 crores and EBITDA of Rs. 157 crores in FY18-19. In fact, though the entire sum of Rs. 105 crores was due and payable on 8th July 2020, Company had prepaid a sum of Rs. 60 crores in 2019 itself (which constitutes 92% of the principal) and had every intention and continues to have every intention to pay the Rs. 45 crores which is outstanding. It was in fact anticipated that this year the revenues and profits of the company would have increased, had the lockdown, with a complete shutdown of the schools and colleges pursuant to government directives, not occurred. Absent the pandemic, the Company would have been able to repay/redeem the NCDs within the stipulated time and even today is confident that it shall be in a position to repay the amounts outstanding within a few months of the schools and colleges being permitted to reopen.
3. Be that as it may, considering that the question of whether Zee Learn is in default or not is presently sub-judice before the Hon'ble Bombay High Court. It is most unfortunate, that CARE has not seen it fit to await the outcome of the hearing of the Petition presently

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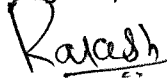


scheduled on 13th July, 2020. Were the Hon'ble Bombay High Court to find merits in the Petition and grant protective orders, CARE's actions, in downgrading Company's ratings, will be untenable.

4. This is even more so, as under the Circular issued by SEBI dated 30th March 2020, addressed to all rating agencies, SEBI has expressed a categorical view that "*if the CRA is of the view that the delay in payment of principle/ interest has arisen solely due to the lockdown conditions creating temporary operational challenges in servicing debt... CRAs may not consider the same as a default event and/ or recognise default.*" In this case, as is apparent from the facts set out above and from CARE's communication, even CARE accepts that the delay in payment is due only to the closure of the schools on account of the pandemic. CARE's actions thus, are also contrary to the Circular issued by SEBI, which has recognized the impact of the pandemic.
5. CARE's action does not take into account the fact that were the Hon'ble High Court not to grant any relief to Zee Learn, Zee Entertainment Enterprises Ltd. has adequate resources to make the payment and consequently there would be no default.

We have once again earnestly requested CARE not to take any precipitate action considering the facts and circumstances above and the pendency of the proceedings in the Hon'ble Bombay High Court and await the outcome of the imminent hearing, before making any final determination as set out in their communication. We sincerely hope that CARE will not take any hasty action and will take cognizance of the adverse repercussions that it will have on an institution having a track record in the field of education by their adverse action despite the Hon'ble Bombay High Court being in the process of determining the issue of whether Zee Learn is in default or not.

Regards,



Rakesh Agarwal

CFO and Compliance Officer