Extraordinary Together

ZEE ENTERTAINMENT ENTERPRISES LIMITED

CIN No : L92132MH1982PLC028767

Regd. Off. 18th Floor, A Wing, Marathon Futurex, N.M.Joshi Marg, Lower Parel, Mumbai - 400013

www.zeeentertainment.com

Standalone financial results for the quarter and nine months ended 31 December 2020

(₹ in Lakhs)

Particulars	Quarter ended on			Nine month ended on		Year ended on
	31-Dec-20	30-Sep-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Mar-20
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Revenue from operations	208,924	158,048	185,289	478,221	549,443	721,899
2 Other income	3,149	3,643	4,145	8,069	18,677	22,779
Total income [1 + 2]	**212,073**	**161,691**	**189,434**	**486,290**	**568,120**	**744,678**
3 Expenses						
(a) Operational cost	85,266	72,094	74,328	211,914	225,015	331,404
(b) Employee benefits expense	17,448	15,902	16,489	49,471	49,204	61,692
(c) Finance costs	117	208	1,845	477	5,531	13,904
(d) Depreciation and amortisation expenses	3,290	3,706	4,239	11,467	12,595	17,763
(e) Fair value loss/(gain) on financial instruments at fair value through profit and loss	8,386	586	9,528	18,195	24,680	33,143
(f) Advertisement and publicity expenses	16,536	15,608	15,140	40,794	41,329	57,624
(g) Other expenses	13,456	19,383	19,305	43,309	46,780	80,432
Total expenses [3(a) to 3(g)]	**144,499**	**127,487**	**140,874**	**375,627**	**405,134**	**595,962**
4 Profit before tax and exceptional item [1 +2 -3]	**67,574**	**34,204**	**48,560**	**110,663**	**162,986**	**148,716**
5 Exceptional Item (Refer note 4, 5 and 7)	-	(9,710)	-	(9,710)	(17,062)	(28,432)
6 Profit before Tax [4 -5]	**67,574**	**24,494**	**48,560**	**100,953**	**145,924**	**120,284**
7 Tax expense :						
(a) Current tax	22,542	7,850	16,583	33,050	50,700	56,926
(b) Current tax - earlier years	153	-	1,299	153	(138)	293
(c) Deferred tax	(2,064)	(546)	(2,714)	(2,810)	(9,006)	(11,731)
Total tax expense [7(a) + 7(b) + 7(c)]	**20,631**	**7,304**	**15,168**	**30,393**	**41,556**	**45,488**
8 Profit for the period / year [6 - 7]	**46,943**	**17,190**	**33,392**	**70,560**	**104,368**	**74,796**
9 Other comprehensive income/(loss)						
Items that will not be reclassified to profit or loss						
(a) (i) Re-measurment of defined benefit obligation	139	(28)	132	225	(1,115)	1,110
(ii) Fair value changes of equity instruments through other comprehensive income	13	63	74	73	648	643
(b) Income tax relating to items that will not be reclassified to profit or loss	(35)	7	(39)	(57)	275	(284)
Total other comprehensive income/(loss) [9(a) to 9(b)]	**117**	**42**	**167**	**241**	**(192)**	**1,469**
10 Total comprehensive income [8 + 9]	**47,060**	**17,232**	**33,559**	**70,801**	**104,176**	**76,265**
11 Paid-up Equity share capital of ₹ 1/- each	9,605	9,605	9,605	9,605	9,605	9,605
12 Other equity						755,836
13 Earnings per share (not annualised) :						
Basic (₹)	4.89	1.79	3.48	7.35	10.87	7.79
Diluted (₹)	4.89	1.79	3.48	7.35	10.87	7.79

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Notes to standalone financial results

1. The unaudited standalone financial results have been reviewed by the Audit Committee in their meeting held on 03 February 2021 and approved by the Board of Directors in their meeting held on 04 February 2021. These results have been subjected to limited review carried out by the Statutory Auditors.

2. The unaudited standalone financial results have been prepared in accordance with the recognition and measurement principles provided in Indian Accounting Standard (Ind AS) 34 on 'Interim Financial Reporting', the provisions of the Companies Act, 2013 (the Act), as applicable and guidelines issued by the Securities and Exchange Board of India (SEBI) under SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, as amended.

3. The Company operates in a single reporting segment namely 'Content and Broadcasting'.

4. As at 31 March 2020, the Company assessed the recoverable amount of Goodwill allocated to the Online Media Business which represent a separate cash-generating unit (CGU). The recoverable amount of this CGU was determined by an independent expert based on the fair value less cost of disposal. The fair value was determined based on revenue multiple of other companies in media industry which has been severally impacted and accordingly resulting in lower fair value of the CGU. The excess of carrying value of CGU over the recoverable amount had been accounted as an impairment charge of Rs 11,370 lakhs in the quarter and year ended 31 March 2020 and disclosed as 'Exceptional item'. Due to use of significant unobservable inputs to compute the fair value, it is classified as level 3 in the fair value hierarchy as per the requirement of Ind AS 113 on 'Fair value measurement'.

5. The Company, in earlier years, had invested in Inter-corporate Deposits (ICDs)/Non Convertible Debentures (NCDs). Accordingly, the Company had, in an earlier year, given an Inter-corporate Deposit (ICD) aggregating Rs. 15,000 lakhs. On account of delays in recovery of the amount, the ICD was assigned to certain related parties, to secure payment of Rs. 17,062 lakhs (including accrued interest up to the date of assignment). Since, there are further delays in receiving payment from these related parties, the aforesaid amount has been provided during previous year and disclosed as an 'Exceptional item'. The Company is taking various actions against the said parties for recovering the amounts.

6. The outbreak of the Corona virus (COVID-19) pandemic has spread globally and in India, which has affected economic activities. The impact on the results for the quarter and nine months ended 31 December 2020 is primarily due to restrictions caused by the COVID-19 on the business activities. Hence, the results for the quarter and nine months ended 31 December 2020 are not strictly comparable with the results of the earlier periods presented.

   The Company has assessed the impact of this pandemic and the same has been incorporated in the plans going forward. In addition to the aforesaid assessment and review of the current indicators of future economic conditions, the Company has also taken various steps aimed at augmenting liquidity, conserving cash including various cost saving initiatives, and sale of non-core and other assets.

   Based on the assessment and steps being taken, the Company expects no further adjustments to the carrying amounts of the property plant and equipment, intangible assets (including goodwill), investments, receivables, inventory and other current assets, as at 31 December 2020. As a result of the growing uncertainties with respect to COVID-19, the impact of this pandemic may be different from that estimated as at the date of approval of these financial results. The Company will continue to closely monitor any material changes to future economic condition.

7. During earlier years, the Company had provided commitments for funding shortfalls in Debt Service Reserve Account (DSRA guarantee) in relation to certain financial facilities availed from banks by Siti Networks Limited (SNL), a related party, including certain facilities availed when the cable business undertaking was part of the Company before its demerger into SNL. The loan outstanding of SNL as at 31 December 2020 which is backed by DSRA guarantee is Rs 20,280 lakhs. On account of defaults made in repayments by SNL, during the previous quarter the Company has received demand notices/communications from the banks/representatives calling upon the Company to honor the obligations under the DSRA guarantee.

   The Company has also been informed that SNL is in active discussions with the banks for renegotiating the repayment terms and also restructuring/rescheduling of its' facilities. The Company has also obtained legal advice about its obligations under the terms of the DSRA guarantee and for the demand raised by IndusInd Bank in respect of the DSRA guarantee which is sub-judice before the Hon'ble Delhi High Court. Additionally, the Company has undertaken credit risk evaluation of SNL, including future cash flow assessments.

   Based on the aforesaid, as a matter of abundant caution, the Company has estimated and accounted the liability aggregating Rs. 9,710 lakhs as on 31 December 2020. Further, the Company has provided for the receivable from SNL of the aforesaid amount and disclosed the same as 'Exceptional item'.

   The Company has collected the receivables relating to the revenue accounted for the nine months ended 31 December 2020 and as a matter of abundant caution has also provided for the overdue trade receivables from SNL as at 31 December 2020 aggregating Rs. 8,120 lakhs.

8. ATL Media Limited (ATL), an overseas wholly-owned subsidiary of the Company incorporated in Mauritius is engaged in broadcasting business. Living Entertainment Limited, Mauritius (LEL), a related party of the Company, is a content provider. During the financial year ended 31 March 2016, ATL had entered into a Put Option Agreement with LEL to purchase 64.38% of the issued share capital held by LEL in Veria International Limited (VIL) (another related party of the Company) for $ 105 million, the exercise period of the Put Option was from the agreement date till the expiry date, i.e. 30 July 2019. In order to secure a borrowing from Axis Bank Limited and Yes Bank Limited (Bank), LEL had assigned all its right, title, benefit and interest under the said Put Option Agreement in favour of Axis Bank, DIFC Branch, the security trustee for the benefit of Axis Bank Limited and Yes Bank Limited. The Put Option Agreement was amended by the parties (ATL and LEL) on 29 July 2019 and extended till 30 December 2026, based on certain representations made by LEL and the exercise price was set at $52.50 million (Rs 38,336 lakhs as at 31 December 2020; Rs. 39,270 lakhs as at 31 March 2020) for the same number of shares and LEL extended the assignment of the Put Option to the security trustee.

During the previous year, the Bank enforced the Put Option pursuant to the assignment and demanded ATL to pay the exercise price. Subsequently, upon inquiry, ATL became aware of certain misrepresentations by LEL at the time of renewal of the Put Option agreement and consequently, ATL has rescinded the Put Option from the date the Put Option was extended as well as filed a suit against LEL and the security trustee of the said Bank in the Hon'ble Supreme Court of Mauritius for inter-alia declaration that the amended Put Option agreement has been properly rescinded and no longer binding and enforceable. The matter is now sub-judice.

In May 2016, the Company had issued a Letter of Comfort (LOC) to the said Bank confirming its intention, among other matters, to support ATL by infusing equity/debt for meeting all its working capital requirements, debt requirements, business expansion plans, honouring the Put Option, take or pay agreements and guarantees. The Company has received communication from the Bank mentioning defaults committed by LEL in repayment of their loans to the Bank and calling upon the Company to support ATL in connection with honouring the Put Option, which would then enable LEL to meet its loan repayment obligations to the Bank. However, the Bank and LEL remain in discussion to settle the borrowing.

The Company is of the view, based on legal advice, that the LOC neither provides any guarantee, commitment or assurance to pay/repay any obligation of LEL. On 26 June 2020, the Bank filed primary suit and a plaint seeking ad-interim relief in the Hon'ble High Court of Bombay on the grounds that the aforesaid LOC is a guarantee. The Hon'ble High Court of Bombay has refused the ad-interim relief sought by the Bank. The primary suit is yet to be heard by the Hon'ble High Court of Bombay.

Since the matters are sub-judice and based on legal advise obtained by the Company, the LOC has not been considered as a guarantee by the Management and does not create any transaction that requires recognition of a liability in the books of account of the Company or require any compliances with the provisions of the Companies Act, 2013, Foreign Exchange Management Act (FEMA), or with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).

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The statutory auditors have qualified this matter in their report on the financial results for the quarter and year ended 31 March 2020, for the quarter ended 30 June 2020, for the quarter and half year ended 30 September 2020 and for the quarter and nine months ended 31 December 2020.

9. During the nine months ended 31 December 2020, 100% Equity Shares held in four wholly-owned subsidiaries of the Company i.e. Zee Unimedia Limited (ZUL), Zee Digital Convergence Limited (ZDCL), Zee Network Distribution Limited (ZNDL) and India Webportal Private Limited (IWPL) were sold to another wholly-owned subsidiary company i.e. Zee Studios Limited (formerly known as Essel Vision Productions Limited).

   Further, the Company has sold 49% Equity Shares of one of its wholly owned subsidiary, Fly-By-Wire International Private Limited.

10. During the quarter, the Board of Directors of the Company have approved acquisition of film production and distribution business from Zee Studios Limited (a wholly owned subsidiary of the Company). The business transfer agreement is yet to be finalised and consequently, the effect of this transaction has not been given in these results.

11. During the quarter, the Board of Directors of the Company have approved the sale of digital publishing business to Rapidcube Technologies Private Limited, a related party. The Company is in the process of obtaining requisite approvals for the sale and consequently, the effect of this transaction has not been given in these results.

12. During the nine months ended 31 December 2020, the Company has issued and allotted 21,240 Equity shares upon conversion of Stock Options granted under the Company's ESOP Scheme. Consequent to this allotment the Paid-up Equity share capital of the Company stands increased to 960,504,475 Equity Shares of Re 1/- each i.e. Rs. 9,605 Lakhs.

For and on behalf of the Board

Zee Entertainment Enterprises Limited

Punit Goenka
Managing Director & CEO

Place: Mumbai
Date : 04 February 2021

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CIN No : L92132MH1982PLC028767

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Consolidated financial results for the quarter and nine months ended 31 December 2020

(₹ in Lakhs)

	Particulars	Quarter ended on			Nine months ended on		Year ended on
		31-Dec-20	30-Sep-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Mar-20
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Revenue from operations						
	(a) Advertisement revenue	130,203	90,279	123,082	262,588	364,219	468,113
	(b) Subscription revenue	84,191	80,029	71,366	243,963	214,593	288,729
	(c) Other sales and services	58,542	1,962	10,417	69,858	39,066	56,144
2	Other income	2,757	3,791	7,095	9,186	24,298	28,364
	Total income [1(a) to 1(c) + 2]	**275,693**	**176,061**	**211,960**	**585,595**	**642,176**	**841,350**
3	**Expenses**						
	(a) Operational cost	141,422	83,419	84,762	290,620	252,389	382,851
	(b) Employee benefits expense	20,734	19,667	20,752	60,413	62,011	78,051
	(c) Finance costs	212	131	2,004	795	5,852	14,489
	(d) Depreciation and amortisation expense	6,520	6,514	6,555	20,219	19,287	27,064
	(e) Fair value loss/(gain) on financial instruments at fair value through profit and loss	8,389	2,073	4,010	21,695	(1,903)	25,967
	(f) Advertisement and publicity expenses	17,977	17,603	19,076	46,689	51,148	69,560
	(g) Other expenses	21,237	20,214	23,698	53,761	60,485	119,067
	Total expenses [3(a) to 3(g)]	**216,491**	**149,621**	**160,857**	**494,192**	**449,269**	**717,049**
4	**Profit before share of profit/(loss) of associates and joint ventures, exceptional item and taxes[1+2-3]**	**59,202**	**26,440**	**51,103**	**91,403**	**192,907**	**124,301**
5	Share of (loss)/profit of associates/joint ventures	(27)	8	(20)	(15)	90	(240)
6	**Profit before exceptional items and tax [4 + 5]**	**59,175**	**26,448**	**51,083**	**91,388**	**192,997**	**124,061**
7	Exceptional items (Refer note 3,4 and 6)	-	(9,710)	-	(9,710)	(17,062)	(28,432)
8	**Profit before tax [6 + 7]**	**59,175**	**16,738**	**51,083**	**81,678**	**175,935**	**95,629**
9	Tax expense :						
	(a) Current tax - current year	22,883	8,223	16,757	34,013	51,513	58,148
	(b) Current tax - earlier years	153	-	1,299	153	(138)	293
	(c) Deferred tax	(3,662)	(826)	(1,833)	(4,558)	(4,485)	(15,271)
	Total tax expense [9(a) + 9(b) + 9(c)]	**19,374**	**7,397**	**16,223**	**29,608**	**46,890**	**43,170**
10	**Profit for the period/year [8 - 9]**	**39,801**	**9,341**	**34,860**	**52,070**	**129,045**	**52,459**
11	Other comprehensive income/(loss)						
	(A) Items that will not be reclassified to profit or loss						
	(a) (i) Re-measurment of defined benefit obligation	131	(28)	138	213	(1,102)	1,087
	(ii) Fair value changes of equity instruments through other comprehensive income	13	63	66	73	648	13
	(b) Income tax relating to items that will not be reclassified to profit or loss	(33)	7	(41)	(54)	271	(280)
	(B) Items that will be reclassified to profit or loss						
	(a) Exchange differences on translation of financial statements of foreign operations	(741)	(2,825)	2,441	(2,574)	5,884	12,544
	Total other comprehensive income/(loss) [11(A) + 11(B)]	**(630)**	**(2,783)**	**2,604**	**(2,342)**	**5,701**	**13,364**
12	**Total comprehensive income [10 + 11]**	**39,171**	**6,558**	**37,464**	**49,728**	**134,746**	**65,823**
13	Profit for the year attributable to :						
	Shareholders of the Company	39,991	9,407	34,943	52,435	129,323	52,650
	Non-controlling interests	(190)	(66)	(83)	(365)	(278)	(191)
14	Total comprehensive income attributable to						
	Shareholders of the Company	39,361	6,624	37,547	50,093	135,024	66,014
	Non-controlling interests	(190)	(66)	(83)	(365)	(278)	(191)
15	Paid-up Equity share capital of ₹ 1/- each	9,605	9,605	9,605	9,605	9,605	9,605
16	Other equity						924,787
17	Earnings per Share (not annualised) :						
	Basic (₹)	4.16	0.98	3.64	5.46	13.46	5.48
	Diluted (₹)	4.16	0.98	3.64	5.46	13.46	5.48

Notes to consolidated financial results

1. The unaudited consolidated financial results of Zee Entertainment Enterprises Limited (Parent/Company) and its subsidiaries (collectively referred as the Group) and its share of the profit/(loss) of its joint venture and associate have been reviewed by the Audit Committee in their meeting held on 03 February 2021 and approved by the Board of Directors in their meeting held on 04 February 2021. These results have been subjected to limited review carried out by the Statutory Auditors.

2. The unaudited consolidated financial results have been prepared in accordance with the recognition and measurement principles provided in Indian Accounting Standard (Ind AS) 34 on 'Interim Financial Reporting', the provisions of the Companies Act, 2013 (the Act), as applicable and guidelines issued by the Securities and Exchange Board of India (SEBI) under SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, as amended.

3. As at 31 March 2020, the Group assessed the recoverable amount of Goodwill allocated to the Online Media Business which represent a separate cash-generating unit (CGU). The recoverable amount of this CGU was determined by an independent expert based on the fair value less cost of disposal. The fair value was determined based on revenue multiple of other companies in media industry which has been severally impacted and accordingly resulting in lower fair value of the CGU. The excess of carrying value of CGU over the recoverable amount had been accounted as an impairment charge of Rs 11,370 lakhs in the quarter and year ended 31 March 2020 and disclosed as 'Exceptional item'. Due to use of significant unobservable inputs to compute the fair value, it is classified as level 3 in the fair value hierarchy as per the requirement of Ind AS 113 on 'Fair value measurement'.

4. The Company, in earlier years, had invested in Inter-corporate Deposits (ICDs)/Non Convertible Debentures (NCDs). Accordingly, the Company had, in an earlier year, given an Inter-corporate Deposit (ICD) aggregating Rs. 15,000 lakhs. On account of delays in recovery of the amount, the ICD was assigned to certain related parties, to secure payment of Rs. 17,062 lakhs (including accrued interest up to the date of assignment). Since, there are further delays in receiving payment from these related parties, the aforesaid amount has been provided during the previous year and disclosed as an 'Exceptional item'. The Company is taking various actions against the said parties for recovering the amounts.

5. The outbreak of the Corona virus (COVID-19) pandemic has spread globally and in India, which has affected economic activities. The impact on the results for the quarter and nine months ended 31 December 2020 is primarily due to restrictions caused by the COVID-19 on the business activities. Hence, the results for the quarter and nine months ended 31 December 2020 are not strictly comparable with the results of the earlier periods presented.

   The Group has assessed the impact of this pandemic and the same has been incorporated in the plans going forward.

   In addition to the aforesaid assessment and review of the current indicators of future economic conditions, the Group has also taken various steps aimed at augmenting liquidity, conserving cash including various cost saving initiatives, and sale of non-core and other assets.

   Based on the assessment and steps being taken, the Group expects no further adjustments to the carrying amounts of the property plant and equipment, intangible assets (including goodwill), investments, receivables, inventory and other current assets, as at 31 December 2020. As a result of the growing uncertainties with respect to COVID-19, the impact of this pandemic may be different from that estimated as at the date of approval of these financial results. The Group will continue to closely monitor any material changes to future economic condition.

6. During earlier years, the Company had provided commitments for funding shortfalls in Debt Service Reserve Account (DSRA guarantee) in relation to certain financial facilities availed from banks by Siti Networks Limited (SNL), a related party, including certain facilities availed when the cable business undertaking was part of the Company before its demerger into SNL. The loan outstanding of SNL as at 31 December 2020 which is backed by DSRA guarantee is Rs 20,280 lakhs. On account of defaults made in repayments by SNL, during the previous quarter the Company has received demand notices/communications from the banks/representatives calling upon the Company to honor the obligations under the DSRA guarantee.

   The Company has also been informed that SNL is in active discussions with the banks for renegotiating the repayment terms and also restructuring/rescheduling of its' facilities. The Company has also obtained legal advice about its obligations under the terms of the DSRA guarantee and the demand raised by IndusInd Bank in respect of the DSRA guarantee which is sub-judice before the Hon'ble Delhi High Court. Additionally, the Company has undertaken credit risk evaluation of SNL, including future cash flow assessments.

   Based on the aforesaid, as a matter of abundant caution, the Company has estimated and accounted the liability aggregating Rs. 9,710 lakhs as on 31 December 2020. Further, the Company has provided for the receivable from SNL of the aforesaid amount and disclosed the same as 'Exceptional item'.

The Company has collected the receivables relating to the revenue accounted for the nine months ended 31 December 2020 and as a matter of abundant caution has also provided for the overdue trade receivables from SNL as at 31 December 2020 aggregating Rs. 8,120 lakhs.

7. a) ATL Media Limited (ATL), an overseas wholly-owned subsidiary of the Company incorporated in Mauritius is engaged in broadcasting business. Living Entertainment Limited, Mauritius (LEL), a related party of the Company, is a content provider. During the financial year ended 31 March 2016, ATL had entered into a Put Option Agreement with LEL to acquire 64.38% of the issued share capital held by LEL in Veria International Limited (VIL) (another related party of the Group) for $ 105 million, the exercise period of the Put Option was from the agreement date till the expiry date, i.e. 30 July 2019. In order to secure a borrowing, from Axis Bank Limited and Yes Bank Limited (Bank), LEL had assigned all its right, title, benefit and interest under the said Put Option Agreement in favour of Axis Bank DIFC branch, the security trustee
for the benefit of Axis Bank Limited and Yes Bank Limited. The Put Option Agreement was amended by the parties (ATL and LEL) on 29 July 2019 and extended till 30 December 2026 based on certain representations made by LEL and the exercise price was set at $52.50 million (Rs 38,336 lakhs as at 31 December 2020; Rs. 39,270 lakhs as at 31 March 2020) for the same number of shares and LEL extended the assignment of the Put Option to the security trustee.

During the previous year, the Bank enforced the Put Option pursuant to the assignment and demanded ATL to pay the exercise price. Subsequently upon inquiry, ATL became aware of certain misrepresentations by LEL at the time of renewal of the Put Option agreement and consequently, ATL has rescinded the Put Option from the date the Put Option was extended as well as filed a suit against LEL and the security trustee of the said Bank in the Hon'ble Supreme Court of Mauritius for inter-alia declaration that the amended Put Option agreement has been properly rescinded and no longer binding and enforceable. The matter is now sub-judice.

The Group does not consider that any liability will devolve on it and hence has not recognized any liability against the Put Option agreement (total value of the Put Option $52.50 million (Rs 38,336 lakhs as at 31 December 2020; Rs. 39,270 lakhs as at 31 March 2020)) and any consequential impact on the Financial results. Further, the Management of the Group has determined that based on valuation reports provided by LEL annually for subsequent periods (i.e. from the year ended 31 March 2016 to 31 March 2019), the value of the underlying shares in VIL was higher than the exercise price and hence no amount was required to be recognized as a liability on account of the Put Option in respect of those financial year ends.

b) In May 2016, the Company had issued a Letter of Comfort (LOC) to the said Bank confirming its intention, among other matters, to support ATL by infusing equity/debt for meeting all its working capital requirements, debt requirements, business expansion plans, honouring the Put Option, take or pay agreements and guarantees. The Company has received communication from the Bank mentioning defaults committed by LEL in repayment of their loans and calling upon the Company to support ATL in connection with honouring the Put Option, which would then enable LEL to meet its loan repayment obligations to the Bank. However, the Bank and LEL remain in discussion to settle the borrowing.

The Company is of the view, based on legal advice, that the LOC neither provides any guarantee, commitment or assurance to pay/repay any obligation of LEL. On 26 June 2020, the Bank filed primary suit and a plaint seeking ad-interim relief in the Hon'ble High Court of Bombay on the grounds that the

aforesaid LOC is a guarantee. The Hon'ble High Court of Bombay has refused the ad-interim relief sought by the Bank. The primary suit is yet to be heard by the Hon'ble High Court of Bombay.

Since the matters are sub-judice and based on legal advice obtained by the Company, the LOC has not been considered as a guarantee by the Management and does not create any transaction that requires recognition of a liability in the books of account of the Company. Further, the Group has concluded that the matter of LOC will not impact the consolidated financial results since this is an intra-group arrangement and will in any case be eliminated during the preparation of the consolidated financial results.

The statutory auditors have qualified this matter in their report on the financial results for the quarter and year ended 31 March 2020, for the quarter ended 30 June 2020, for the quarter and half year ended 30 September 2020 and for the quarter and nine months ended 31 December 2020.

8. Revenue from monetization of music right / content which was in the previous year presented within "Other sales and services" is now included in "Subscription revenue", to better reflect the nature of the revenue. The amounts regrouped in "Subscription revenue" are Rs 5,643 lakhs, Rs 7,010 lakhs, Rs 17,962 lakhs for the quarter ended 30 September 2020 and for the quarter ended and nine months ended 31 December 2020 respectively.

9. During the quarter, the Board of Directors of the Company have approved the sale of digital publishing business to Rapidcube Technologies Private Limited, a related party. The Company is in the process of obtaining requisite approvals for the sale and consequently, the effect of this transaction has not been given in these results.

Extraordinary Together

10. During the nine months ended 31 December 2020, the Company has issued and allotted 21,240 Equity shares upon conversion of Stock Options granted under the Company's ESOP Scheme. Consequent to this allotment the Paid-up Equity share capital of the Company stands increased to 960,504,475 Equity Shares of Re 1/- each i.e. Rs. 9,605 Lakhs.

11. The Group operates in a single reporting segment namely 'Content and Broadcasting'.

For and on behalf of the Board
Zee Entertainment Enterprises Limited

Punit Goenka
Managing Director & CEO

Place: Mumbai
Date : 04 February 2021