

## *2<sup>nd</sup> Open Letter from Dr. Subhash Chandra*

Dear Friends,

Hope you all are safe and taking good care.

I am writing this 2<sup>nd</sup> open letter to all of you, after a gap of two & a half years. My last communication was dated 25th January 2019, in which I had penned down in a transparent manner, explaining the 'how' and 'why' behind the default, and I had also assured to find a solution to address the situation. As you all would have noted, I had admitted the wrong decisions taken by me in the past which caused the occurrence of the default, due to the asset-liability mismatch. Goes without saying, that it was an after-effect of the liquidity crisis, triggered from the IL&FS case. *(I am attaching the copy of the letter for your ready reference).*

I am grateful to the members of the editorial fraternity for publishing my open letter dated 25th January 2019, in a fair and transparent manner, which greatly helped us in maintaining the required level of transparency. I am also grateful to all my lenders for their support, trust and belief in me. The Covid-19 pandemic caused extension/elongation of the painful period beyond my targeted resolution time of 18 months to 30 months (till now) and beyond. In my 53 years of professional life, the current situation faced by me and my family, is unprecedented, despite couple of business down-turns experienced in our journey, which I had articulated in my autobiography - *'The Z Factor'*.

I am happy to report that we have come out of the financial stress situation by settling 91.2% of our total debt to 43 lenders in 110 accounts. 88.3% amount has been paid, while the remaining 2.9% is in the process of being paid. We are making all the required efforts to settle

the remaining 8.8% of our total debt. I have no regrets for parting with a substantial ownership in the business and specially in the *'jewels of the crown'*. This was done to keep the family's honour.

As mentioned in my first open letter, it is my earnest desire to settle the remaining outstanding accounts (*to the best of group's ability & current circumstances*) before the end of this fiscal year or before. I would like to express my sincere apologies to the lenders for the suffering they had to go through because of me. Unfortunately, there could be one case (one lender), where there are disputes and both sides seem fixated on their belief on the number of debt(s) claimed and payable. The difference of numbers in this case is huge. The issues are pending in the court(s) for determination.

As promised in my open letter dated 25<sup>th</sup> January 2019, beyond the payment effected / committed / agreed to pay, I am in no position to pay additional sums of monies, from my own / personal resources, as I do not own / possess any assets / wealth besides what I have disposed-off to discharge our obligations.

During these past two years, tens of thousands, if not millions have prayed and many of them have sent messages of support, goodwill & prayers for our well-being. I am grateful to all of them. What has deeply touched me is that more than 90% of them have said, *"I have no doubt at all that you are a man of great resolve & capacity to deal with crises, due to your courage/honesty to accept your faults"* and they have further added that *"you will come-back stronger and much sooner, is our belief"*. I am personally humbled with such positivity.

Our belief in the teachings of my grandparents (*नेकी कर दरिया में डाल*) to help the needy quietly & without publicizing for taking credit, seems to be paying off. Their prayers have helped our

businesses, to emerge from the challenging phase. I am not only hopeful but sure that these very positive forces will help us navigate the challenges of coming times.

Friends, I have sailed through the difficult times, simply by smiling because of the reason mentioned above, added with continued practice of “*Vipassana*”, the teachings of ‘*Gautama Buddha*’.

I would like to reiterate, that the group has exited/sold the businesses of Infrastructure, Financial Services & Print Media & few more. Our Group Companies: Zee Learn Ltd., SITI Networks Ltd. & Zee Media Corporation Ltd., are going through a difficult phase of their existence, mainly because of lack of capital. My brother Jawahar Goel’s Company - Dish TV India Ltd., is also suffering & losing its base because of me, without any of his fault. Vide this letter, I would also like to publicly apologize to him & his family. Along with Jawahar, I would also like to convey my appreciation towards my other two brothers Laxmi & Ashok, who are standing by me in these difficult times.

I will take all the required efforts to resolve the outstanding issues (*including the difficult one*) as stated above. I will also keep you informed on the closure of the outstanding issues. At the same time, I am beginning my new innings & through this letter sharing a glimpse of it for your reference:

I have earned a fair experience in the video business; hence I am exploring new ways / business opportunities in the “*video in digital space*” as well as AI/ML (*Artificial Intelligence & Machine Learning*) in the video space, without getting into any conflicts with ZEEL, in any manner. I will provide the specifics very soon and you all will witness the initial phase of launch, of a yet another pioneering venture.

I hope I will receive all your good wishes for the success of my new innings.

Take good care.

Yours truly,

**Dr. Subhash Chandra**

Dated: 25th January 2019

## *1<sup>st</sup> Open Letter from Dr. Subhash Chandra*

Dear Friends,

At a very early stage of my life, I have learnt the most important lesson from my grandfather, Shri Jagannath Goenka, which taught me that a direct dialogue with the creditors should be maintained, should you find it difficult to repay any sort of loans, and this message is my earnest effort in doing so.

First and foremost, vide this message I would like to express my deepest apologies to our esteemed financial supporters. I have always been the first to accept my faults and we have been consistently accountable of the decisions taken, and I will maintain the same today as well. For the first time in my career of 52 years, I am compelled to apologize to our bankers, NBFCs & Mutual Funds, since I believe that I have not lived upto to their expectations, despite the best of my intentions.

I am extremely certain that there is no promoter in India Inc., who has dared to sell the jewel of his crown, to pay off the liabilities. While the process is still ongoing, there are some forces which are not willing to see us succeed.

That said, I am not indicating that there are no mistakes done from my end, and as always, I am willing to face the consequences of the same. I assure you, that I am not running away from the core issue and will do my best to repay each and every person. The best time for the same, however, is difficult to be mentioned at this stage.

I would also like to state through this message, the key points which have gone wrong:

1. Essel Infra: As most of the infra companies, even we have made some incorrect bids. In usual cases, Infra Companies have raised their hands and have left their lenders with non performing assets, but in our case, **My Obsession** of not walking away from the situation,

has made me to bleed 4000 Cr. to 5000 Cr. of Rupees. Despite the loss making projects, we continued to pay the interest and the principle, by borrowing funds against our shareholdings in Listed Companies.

2. Acquisition of D2H: My recommendation made to my brother Jawahar Goel to buy D2H from Videocon was one more key error, which costed me and Jawahar both, a fortune.
3. When our family business separation was implemented, as the eldest member of the family, I had taken the entire burden of the debts. I believe, it was my mistake to have told myself that “Subhash you can earn and repay the creditors”. Post which, most of my bets on the new businesses have not worked, which led to the increased debt, due to the added interest levels.
4. The situation at hand, became further unmanageable after the IL&FS issue, came to public light. Till then, we were managing our borrowings efficiently. The IL&FS meltdown stopped the roll overs, diminishing our ability to service our borrowings.
5. From May / June 2018 onwards a negative force which was acting against our grip as promoters became strongly active. This was followed by some anonymous letters being sent to all Bankers, NBFCs, Mutual Funds, Shareholders, etc.
6. Whenever we have reported some really good results from the operating Companies, the share prices were intentionally hammered by these negative forces, driving away the investors.

While the above, are the reasons of the current situation, I must also mention what steps were taken from our end:

- We wrote a number of complaints to the Department of Police, Home Minister of Maharashtra, SEBI and other concerned authorities, right since November 2018, but all the efforts did not result in any action.
- Till December, we continued to pay the due interest and principle, to all lenders.
- I have also given my best to expedite the stake sale of ZEE Entertainment. Infact, I have just returned back from London, last night itself, after a series of positive meetings with potential suitors.

The mentioned negative forces, possibly after getting a hint of these positive meetings, have attacked the share price today, with a clear intention of sabotaging ZEE Entertainment's strategic sale process.

I must also mention that there is no systematic protection against the insidious attack on us by the mentioned negative forces, but we will continue to seek the support of the system in order to thoroughly investigate the matter.

About the Operating Companies:

- All Operating Companies, especially our most precious one which is ZEE Entertainment, are performing exceptionally well and are under NO stress whatsoever. The debt burden is purely at the promoter level, which is reflecting negatively on the Companies.
- I would like to reiterate that ALL the Companies are performing exceptionally well and there is no problem whatsoever.

Having said the above, I still believe, strongly feel and would like to urge the lenders, not to react in an anarchical manner and to maintain patience, till the process of ZEE Entertainment's stake

sale is completed. Post the sale process, we will be positively able to repay the entire dues, but if the lenders react in a panic situation, it will only hurt them and us.

I would again like to reiterate that I have no intention whatsoever, to keep a single rupee, till all the dues to the lenders are paid.

Yours truly,

**Subhash Chandra**