Independent Auditors' Report

To the Members of Mediavest India Private Limited

1. Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mediavest India Private Limited** ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

2. Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Ind AS financial statements.

4. Basis of Qualified Opinion

The Company has not determined and recognised impairment loss in respect of investments in subsidiary of Rs 9,550,005,305 as required by Ind AS 36 "Impairment of Assets". Hence we are unable to comment on the carrying value of investments and the consequent impact thereof on the statement of profit or loss.

5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the basis for qualified opinion in paragraph 4 above, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

6. Other Matters

The comparative financial information of the Company for the year ended 31 March, 2016 and the transition date opening balance sheet as at 1 April, 2015 included in these Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules,2006 audited by us whose report for the year ended 31 March, 2016 and 31 March, 2015 dated 24 May 2016 and 21 May 2015 respectively expressed an modified opinion on those financial statements as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion on the Ind AS financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

7. Report on Other Legal and Regulatory Requirements

I. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of section 143(11) of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

II. As required by Section 143(3) of the Act, we report that:

(a) Except for the possible effects of the matters described in the Qualified opinion paragraph above, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) Except for the possible effects of the matters described in the Basis for Qualified opinion paragraph above, in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The balance sheet, the statement of profit and loss including other comprehensive income, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

mgb&co LLP CHARTERED ACCOUNTANTS

(d) Except for the possible effects of the matters described in the Qualified opinion paragraph above, in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;

(e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company did not have any pending litigations which would impact its financial position;

   ii. There are no long-term contracts including derivative contracts for which there are material foreseeable losses;

   iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company; and

   iv. The Company has provided requisite disclosures in the Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016, on the basis of information available with the Company. Based on audit procedures, and relying on management's representation, we report that disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management. Refer Note 25 to the Ind AS financial statements.

For **MGB & Co LLP**
Chartered Accountants
Firm's registration number 101169W/W-100035

mgb&co LLP CHARTERED ACCOUNTANTS

Sanjay Kothari
Partner
Membership number 048215

Mumbai, 24 May 2017

Annexure - A to the Auditor's Report

Annexure referred to in Paragraph 6(I) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of **Mediavest India Private Limited** on the Ind AS financial statements for the year ended 31 March 2017:

i. The Company does not own any fixed assets hence clause i(a), i(b) and i(c) of the Order are not applicable to the Company.

ii. Considering the nature of business clause (ii) of the Order regarding inventories are not applicable to the Company.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Act.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and Section 186 of the Act, with respect to loans given and investments made.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act.

vi. The Central Government of India has not prescribed the maintenance of cost records under subsection (1) of Section 148 of the Act for any of the services rendered by the Company.

vii. According to the records of the Company, examined by us and information and explanations given to us:

a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and others as applicable have generally been regularly deposited with the appropriate authorities. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

b) There are no amounts on account of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax which are yet to be deposited on account of any dispute.

viii. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to debenture holders. The Company has not taken any loans or borrowings from banks or financial institutions or Government.

ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and has not raised any term loan during the year.

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x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have been informed of any such case by the Management.

xi. According to the information and explanations given to us, the provisions of Section 197 read with schedule V of the Act are not applicable to the Company.

xii. In opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 188 of the Act and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards. Further, as explained to us, provisions of Section 177 are not applicable to the Company.

xiv. According to the records of the Company examined by us, and information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. According to the records of the Company examined by us and information and explanations to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 24 May 2017

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 6(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of the Company on the Ind AS financial statements for the year ended 31 March, 2017.

We have audited the internal financial controls over financial reporting of **Mediavest India Private Limited** ("the Company") as of 31 March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 24 May 2017

Mediavest India Private Limited
Balance Sheet as at

(In Rupees)

	Note	31 March 2017	31 March 2016	01 April 2015
ASSETS				
Non-current assets				
(a) Financial assets				
(i) Investments	2	9,550,005,305	9,550,003,305	8,509,777,141
(b) Income tax assets (net)	3	624,500	1,623,088	1,575,040
Total non-current assets		**9,550,629,805**	**9,551,626,393**	**8,511,352,181**
Current assets				
(a) Financial assets				
(i) Trade receivables	4	319,931	-	-
(ii) Cash and cash equivalents	5	1,212,219	673,167	112,084
(iii) Loans	6	1,400,000	1,400,000	1,400,000
(iv) Other financial assets	7	6,338,040	6,170,940	8,478,965
Total current assets		**9,270,190**	**8,244,107**	**9,991,049**
Total assets		**9,559,899,995**	**9,559,870,500**	**8,521,343,230**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	8 (A)	100,000	100,000	100,000
(b) Instruments entirely equity in nature	8 (B)	-	11,307,410,565	9,882,410,565
(c) Other equity	9	494,286,100	(1,747,772,314)	(1,718,809,482)
Total equity		**494,386,100**	**9,559,738,251**	**8,163,701,083**
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	10	9,065,102,405	-	-
Total non-current liabilities		**9,065,102,405**	-	-
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	11	-	-	346,475,893
(ii) Other financial liabilities	12	391,358	124,749	4,632,126
(b) Other current liabilities	13	20,132	7,500	3,305,748
(c) Income tax liabilities (net)	14	-	-	3,228,380
Total current liabilities		**411,490**	**132,249**	**357,642,147**
Total equities and liabilities		**9,559,899,995**	**9,559,870,500**	**8,521,343,230**

Notes forming part of the Financial Statements 1-30

As per our attached report of even date

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: 24 May 2017

For and on behalf of the Board

Anil Chougule
Director

Shubham Shree
Director

MEDIAVEST INDIA PRIVATE LIMITED MUMBAI

Mediavest India Private Limited
Statement of Profit and Loss for the year ended

(In Rupees)

	Note	31 March 2017	31 March 2016
Revenue			
Revenue from operations	15	400,000	-
Other income	16	364,503	1,542,293
Total		**764,503**	**1,542,293**
Expenses			
Finance costs	17	333,706,765	32,549,748
Other expenses	18	703,567	433,287
Total		**334,410,332**	**32,983,035**
Profit / (Loss) before Tax		**(333,645,829)**	**(31,440,742)**
Less: Tax expense			
Current tax- current year		18,829	-
- earlier year		291,852	(2,477,910)
Net Profit / (Loss) after Tax (A)		**(333,956,510)**	**(28,962,832)**
Other comprehensive income (B)		-	-
Total comprehensive income for the year (A+B)		**(333,956,510)**	**(28,962,832)**
Earning per equity share (face value of Rs. 10 each)	27		
Basic and diluted		(33,396)	(2,896)

Notes forming part of the Financial Statements 1-30

As per our attached report of even date

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: 24 May 2017

For and on behalf of the Board

Anil Chougule
Director

Shubham Shree
Director

MEDIAVEST INDIA PRIVATE LIMITED MUMBAI

Mediavest India Private Limited

Cash Flow Statement for the year ended

(In Rupees)

	31 March 2017	31 March 2016
A.NET CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	(333,645,829)	(31,440,742)
Adjustments For :		
Dividend income	-	(1,061,822)
Interest expense	333,706,765	32,549,748
Interest Income	(189,000)	(480,471)
Operating profit before working capital changes	**(125,064)**	**(433,287)**
Adjustments For :		
(Increase) / Decrease in Trade receivables, loans and other financial assets	(319,931)	-
Increase / (Decrease) in other financial liabilities and other liabilities	279,241	(7,805,625)
Cash generated from operations	**(165,754)**	**(8,238,912)**
Direct taxes paid (Net)	687,907	(798,518)
Net cash from / (used in) operating activities	**522,153**	**(9,037,430)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments in subsidiary	(2,000)	-
Repayments received of advances given	-	1,793,432
Proceeds from redemption of of Preference shares	-	22,273,836
Dividend received	-	1,746,515
Investment in compulsory convertible debentures	-	(1,062,500,000)
Interest received	18,899	310,371
Net cash from / (used in) investing activities	**16,899**	**(1,036,375,846)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of Inter corporate deposits taken	-	(346,475,893)
Proceeds from issue of compulsory convertible debentures	-	1,425,000,000
Interest payment	-	(32,549,748)
Net cash from financing activities	**-**	**1,045,974,359**
Net increase/(decrease) in cash and cash equivalents	539,052	561,082
Cash and cash equivalents at the beginning of the year	673,167	112,084
Cash and cash equivalents at the end of the year	**1,212,219**	**673,166**

Note :

Conversion of Compulsory Convertible Debentures into Non-Convertible Debentures, being non cash transaction, has not been considered in the above Cash Flow Statement.

Notes forming part of the Financial Statements 1-30

As per our attached report of even date

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: 24 May 2017

For and on behalf of the Board

Anil Chougule
Director

Shubham Shree
Director

MEDIAVEST INDIA PRIVATE LIMITED MUMBAI

Mediavest India Private Limited

Statement of Changes in Equity for the year ended 31 March 2017

A) Equity Share Capital

(In Rupees)

	31 March 2017		31 March 2016		01 April 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Opening balance	10,000	100,000	10,000	100,000	10,000	100,000
Changes in equity share capital during the year (Refer note 8 (A))	-	-	-	-	-	-
Closing balance	**10,000**	**100,000**	**10,000**	**100,000**	**10,000**	**100,000**

B) Instruments entirely equity in nature

	31 March 2017	31 March 2016	01 April 2015
Compulsory convertible debentures			
Balance at the beginning of the year	11,307,410,565	9,882,410,565	9,882,410,565
Issued during the year (Refer note 8 (B))	-	1,425,000,000	-
Changes in compulsory convertible debentures during the year (Refer note 8 (B))	(11,307,410,565)	-	-
Balance at the end of the year	-	**11,307,410,565**	**9,882,410,565**

C) Other Equity

(In Rupees)

	Reserves and Surplus		Other comprehensive income	Total other equity
	Capital Reserve	Retained earnings		
As at 1 April 2015	**22,273,836**	**(1,741,083,318)**	-	**(1,718,809,482)**
Profit / (Loss) for the year	-	(28,962,832)		(28,962,832)
Balance at 31 March 2016	**22,273,836**	**(1,770,046,150)**	-	**(1,747,772,314)**
Profit / (Loss) for the year	-	(333,956,510)		(333,956,510)
Capital contribution through non-compulsarily convertible debentures	-	2,576,014,924		2,576,014,924
Balance at 31 March 2017	**22,273,836**	**472,012,264**	-	**494,286,100**

Notes forming part of the Financial Statements 1-30

As per our attached report of even date

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: 24 May 2017

For and on behalf of the Board

Anil Chougule
Director

Shubham Shree
Director

Corporate Information

Mediavest India Private Limited ("the Company") is incorporated in State of Maharashtra on 11 January,2001.

The Scheme of Amalgamation for merger of Essel Publishers Private Limited (EPPL) with Zee Media Corporation Limited (ZMCL) was approved by Hon'ble Bombay High Court on 2 May 2014 with the appointed date 1 April, 2014. Pursuant to this scheme, the Company became wholly owned subsidiary of Zee Media Corporation Limited (ZMCL) . The registered office of the Company is 135, Continental building, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

Significant Accounting Policies

(a) Basis of Preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

These financial statements for the year ended 31 March 2017 are the first financials with comparatives, prepared under Ind AS. For all previous periods including the year ended 31 March 2016, the Company had prepared its financial statements in accordance with the accounting standards notified under Companies (Accounting Standard) Rule, 2006 (as amended) and other relevant provisions of the Act (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India.

The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2015 being the date of transition to Ind AS.

These financial statements are prepared on going concern basis under the historical cost convention on the accrual basis of accounting except for certain financial assets and liabilities that are measured at fair values at the end of each repoting period, as stated in the accounting policies stated out below. Reconciliations and descriptions of the effect of the transition has been summarized in note 30 .

Current non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

(b) Revenue recognition

Revenue is recognised to the extent it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. All revenues are accounted on accrual basis except to the extent stated otherwise.

(i) Professional fees is recognised as and when such services are completed / performed.

(ii) Interest income is recognised on a time proportion basis taking into account principal outstanding and the applicable interest rate.

(iii) Dividend income is recognised when the Company's right to receive dividend is established.

(c) Accounting for taxes on income

Tax expense comprises of current and deferred tax.

(i) Current tax

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Current tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred Tax

Deferred tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred tax arises from the initial recognition of an asset or liability that effects neither accounting nor taxable profit or loss at the time of transition.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Presentation of current and deferred tax

Current and deferred taxes are recognized as income or an expense in the statement of profit and loss, except to the extent they relate to items are recognized in other comprehensive income, in which case, the current and deferred tax income / expense are recognised in other comprehensive income.

(d) Borrowings and Borrowing costs

Borrowings are initially recognised at net of transaction costs incurred and measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss.

MUMBAI

(e) **Financial Instruments**

Financial instruments is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Initial Recognition

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

(ii) Subsequent Measurement

(a) Financial assets

Financial assets are classified into the following specified categories: amortised cost, financial assets 'at fair value through profit or loss' (FVTPL), 'at amortised cost, 'Fair value through other comprehensive income (FVTOCI). The classification depends on the Company's business model for managing the financial assets and the contractual terms of cash flows.

Debt Instrument

Amortised Cost

A financial asset is subsequently measured at amortised cost if it is held with in a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This category generally applies to trade and other receivables.

Fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent solely payments of principle and interest.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Fair value through Profit and Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is considered only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Investment in subsidiaries

Investment in subsidiaries is carried at cost less impairment loss, if any in the separate financial statements. Refer note 2 for list of investments.

Equity investments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of profit and loss. Dividends from such investments are recognised in statement of profit and loss as other income when the Company's right to receive payment is established.

Derecognition of financial assets

A financial asset is derecognised only when

i) The Company has transferred the rights to receive cash flows from the asset or the rights have expired or

ii) The Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Impairment of financial assets

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business enviornment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(b) Financial liabilities and equity instruments

Debt or equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(c) Financial liabilities

Subsequent Measurement

Financial liabilities measured at amortised cost

Financial liability are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of profit and loss.

Financial liabilities measured at Fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

(f) Provisions, contingent liabilities and contingent assets

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements, however they are disclosed where the inflow of economic benefits is probable. When the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

(g) Earnings per share

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the period. Dilutive earnings per share is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period, except when the results would be anti-dilutive.

(h) Cash and cash equivalent

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

(i) Critical accounting judgment and estimates

The preparation of financial statements requires management to exercise judgment in applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures including disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected.

(i) Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that have a low probability of crystallising or are very difficult to quantify reliably, are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. There can be no assurance regarding the final outcome of these legal proceedings.

(ii) Impairment testing

a. Judgment is also required in evaluating the likelihood of collection of customer debt after revenue has been recognised. This evaluation requires estimates to be made, including the level of provision to be made for amounts with uncertain recovery profiles. Provisions are based on historical trends in the percentage of debts which are not recovered, or on more detailed reviews of individually significant balances.

b. Determining whether the carrying amount of these assets has any indication of impairment also requires judgment. If an indication of impairment is identified, further judgment is required to assess whether the carrying amount can be supported by the net present value of future cash flows forecast to be derived from the asset. This forecast involves cash flow projections and selecting the appropriate discount rate.

(iii) Tax

a) The Company's tax charge is the sum of the total current tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

b) Accruals for tax contingencies require management to make judgments and estimates in relation to tax audit issues and exposures.

c) The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Where the temporary differences are related to losses, the availability of the losses to offset against forecast taxable profits is also considered. Recognition therefore involves judgment regarding the future financial performance of the particular legal entity or tax Company in which the deferred tax asset has been recognized.

(iv) Fair value measurement

A number of company's accounting policies and disclosures require the measurement of fair values, for both financial and non- financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

-Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

-Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly(i.e. prices) or indirectly (i.e. derived from prices).

-Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of a fair value hierarchy, then the fair value measurement is categorized in its entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The company recognizes transfers between levels of the fair value hierarchy at the end of reporting year during which the change has occurred.

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from 1 April 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

Amendment to Ind AS 102

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

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2 Financial Assets

(In Rupees)

		31 March 2017	31 March 2016	01 April 2015
	Non-current Investments			
A	**Investments carried at cost**			
	Investment in Equity Instruments			
	Wholly owned subsidiaries - unquoted			
	*890,955,420 (89,095,342) (89,095,342) Equity Shares of Diligent Media Corporation Limited (DMCL) of Rs 1(10)(10) each fully paid up (refer note below)	5,201,701,963	5,201,699,963	5,201,699,963
	**434,830,334 (434,830,334) (328,580,334) 0% Compulsorily Convertible Debentures (CCD) of Diligent Media Corporation Limited of Rs. 10 each fully paid up (refer note below)	4,348,303,342	4,348,303,342	3,285,803,342
B	**Investments at amortised cost**			
	Investment in preference shares - unquoted			
	Nil (Nil) (22,273,836) 6% Non-cumulative Redeemable Non-Convertible Preference shares of Zee Entertainment Enterprises Limited of Rs. 1 each (Refer note 24)	-	-	22,273,836
	Total	9,550,005,305	9,550,003,305	8,509,777,141
	Aggregate amount of unquoted Investments	9,550,005,305	9,550,003,305	8,509,777,141
	Aggregate amount of quoted Investments	-	-	-
	Aggregate market value of quoted Investments	-	-	-

* During the year the face value of Investment in Equity shares has changed from Rs 10 to Rs 1 each. Consequently the Equity investment in DMCL has been split to 890,955,420 Equity Shares of Re. 1 each.

** 434,830,334 (434,830,334) (328,580,334) 0% Compulsorily Convertible Debentures (CCD) of Rs.10 each fully paid up, are compulsorily convertible into Equity shares at a conversion ratio of 1:1 (one CCD shall be connverted into one Equity share) at the end of fifth year. However, the Company has an option for early conversion at any time after 18 months.

(In Rupees)

		31 March 2017	31 March 2016	01 April 2015
3	**Income tax assets (net)**			
	Advance Direct Tax (net of provisions)	624,500	1,623,088	1,575,040
	Total	624,500	1,623,088	1,575,040

(In Rupees)

		31 March 2017	31 March 2016	01 April 2015
4	**Trade Receivables**			
	- Unsecured and considered good	319,931	-	-
	Total	319,931	-	-

For transactions relating to related party receivables, refer Note 19.
Trade receivables are non-interest bearing and credit period extended to them is 0 to 60 days.

(In Rupees)

		31 March 2017	31 March 2016	01 April 2015
5	**Cash and cash equivalents**			
	Balances with Banks in Current Accounts	1,206,796	667,744	106,390
	Cash in Hand	5,423	5,423	5,694
	Total	1,212,219	673,167	112,084

		31 March 2017	31 March 2016	01 April 2015
6	**Loans** (Unsecured, considered good)			
	Inter Corporate Deposit given to Others	1,400,000	1,400,000	1,400,000
	Total	1,400,000	1,400,000	1,400,000

(In Rupees)

		31 March 2017	31 March 2016	01 April 2015
7	**Other financial assets** (Unsecured, considered good)			
	Other advances	-	3,000	1,796,432
	Dividend Receivable from related parties	-	-	684,693
	Interest receivable - from other related parties	5,851,973	5,851,973	5,851,973
	- from others	486,067	315,967	145,867
	Total	6,338,040	6,170,940	8,478,965

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Notes forming part of the Financial Statements

(In Rupees)

	31 March 2017	31 March 2016	01 April 2015
8 (A) Share Capital			
Authorised			
10,000,000 (10,000,000) (10,000,000) Equity Shares of Rs 10 each	100,000,000	100,000,000	100,000,000
	100,000,000	100,000,000	100,000,000
Issued , Subscribed and Fully Paid up			
10,000 (10,000) (10,000) Equity Shares of Rs 10 each fully paid up	100,000	100,000	100,000
Total	100,000	100,000	100,000

a **Reconciliation of number of Equity shares and Equity Share capital**

	31 March 2017		31 March 2016		01 April 2015	
	No. of Equity Shares	Amount	No. of Equity Shares	Amount	No. of Equity Shares	Amount
At the beginning of the year	10,000	100,000	10,000	100,000	10,000	100,000
Add : Changes during the year	-	-	-	-	-	-
At the end of the year	10,000	100,000	10,000	100,000	10,000	100,000

b **Terms / rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs 10 each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c **Details of equity shares held by the holding company:**

Name of Shareholders	31 March 2017	31 March 2016	01 April 2015
Zee Media Corporation Limited	10,000	10,000	10,000

B **Details of Shareholders holding more than 5 % of aggregate shares in the Company**

Name of Shareholders	31 March 2017		31 March 2016		01 April 2015	
	No. of Equity Shares	% Shareholding	No. of Equity Shares	% Shareholding	No. of Equity Shares	% Shareholding
Zee Media Corporation Limited	10,000	100	10,000	100	10,000	100

e The Company has not issued any bonus shares or issued shares for consideration other than cash or bought back any shares during five years preceeding 31 March 2017.

(In Rupees)

	31 March 2017	31 March 2016	01 April 2015
8 (B) Instruments entirely equity in nature			
Compulsory convertible debentures			
Balance at the beginning of the reporting year *	11,307,410,565	9,882,410,565	9,882,410,565
Issued during the year **	-	1,425,000,000	-
Changes in compulsory convertible debentures during the year ***	(11,307,410,565)	-	-
Balance at the end of the reporting year	-	11,307,410,565	9,882,410,565

*4,386,941,000 Unsecured Compulsorily Convertible Debentures of Re.1 each fully paid up, were issued to related party viz. 25 FPS Media Private Limited have tenor of 7 years and carries interest of 0% p.a.The debentures are convertible into equity shares, at fair market value of equity shares at the time of conversion. The debentures are fully transferable. As on the date of Balance Sheet, 0% Compulsorily Convertible Debentures are held by immediate holding company i.e. Zee Media Corporation Limited.

*5,495,469,565 Unsecured Compulsorily Convertible Debentures of Re.1 each fully paid up, issued to the erstwhile holding company viz. Essel Publishers Private Limited have tenor of 7 years and carries interest of 0% p.a.The debentures are convertible into equity shares, at fair market value of equity shares at the time of conversion. The debentures are fully transferable. As on the date of Balance Sheet, 0% Compulsorily Convertible Debentures are held by immediate holding company i.e. Zee Media Corporation Limited.

**1,425,000,000 Unsecured Compulsorily Convertible Debentures (CCDs) of Rs.10 each fully paid up, issued to the holding company viz. Zee Media Corporation Limited shall be convertible into Equity Shares of Rs 10 each of the Company, at any time after 18 months but within 5 years from the date of allotment. Unless converted earlier, all Outstanding CCDs at the 5th anniversary of the date of allotment, shall be compulsorily converted by the Company by issuance of Equity shares of Rs 10 each in the conversion ratio of 1:1. Upon exercise of option by the CCD holder,the company shall allot Equity shares against the CCD within a period of 30 days from the date of exercise of such option. The Equity shares to be issued and alloted upon conversion of CCD shall rank pari passu with the then existing Equity shares of the Company in all respects including Dividend.

***During the year on 28 October 2016 the above CCDs of Rs 11,307,410,565 are converted by issuing 0% 11,307,410,565 (One thousand one thirty crore seventy four lacs ten thousand five sixty five) Non convertible debentures (NCDs) of Re 1 each at par with 3 years term from the date of allotment. Further post such conversion on 2 November 2016 the said NCDs are acquired by Diligent Media Corporation Limited from Zee Media Corporation Limited(ZMCL) at book value of ZMCL i.e Rs 3,262,656,265.

9 **Other equity**

(In Rupees)

	31 March 2017	31 March 2016	01 April 2015
Capital Reserve			
As per last Balance sheet	22,273,836	22,273,836	22,273,836
Surplus / (Deficit) in Statement of Profit and Loss			
As per last Balance sheet	(1,770,046,150)	(1,741,083,318)	(1,741,083,318)
Add : Profit / (Loss) for the year	(333,956,510)	(28,962,832)	-
Add: Capital contribution through Non convertible Debentures	2,576,014,924	-	-
	472,012,264	(1,770,046,150)	(1,741,083,318)
Total	**494,286,100**	**(1,747,772,314)**	**(1,718,809,482)**

(i) Capital Reserve is created on receipt of 6% Non-cumulative, Non-convertible, Redeemable Preference shares of Zee Entertainment Enterprises Limited on demerger of Diligent Media Corporation Limited. (Refer note 24)

(ii) Retained earnings represent the accumulated earnings net of losses if any made by the Company over the years.

(In Rupees)

	31 March 2017	31 March 2016	01 April 2015
10 **Borrowings - Unsecured**			
11,307,410,565 (Nil) (Nil) 0% Non-Convertible Debentures of Rs. 1 each (Refer Note below)	9,065,102,405	-	-
Total	**9,065,102,405**	-	-

During the year, on 28 October 2016, Compulsory Convertible Debentures (CCDs) (Refer note 8 (B)) of Rs 11,307,410,565 are converted by issuing 0% 11,307,410,565 Non convertible debentures (NCDs) of Rs 1 each at par with 3 years term from the date of allotment. Further, post such conversion, on 2 November 2016, the said NCDs are acquired by Diligent Media Corporation Limited from Zee Media Corporation Limited(ZMCL) at book value of ZMCL i.e Rs 3,262,656,265. These NCDs are recognised at fair value on 2 November 2016 and discounting impact is recognised as capital contribution. Further, rollover discounting impact is recognised through Statement of Profit and Loss.

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Notes forming part of the Financial Statements

(In Rupees)

	31 March 2017	31 March 2016	01 April 2015
11 Borrowings			
Unsecured			
Inter Corporate Deposit from Holding Company (Interest -13.50%)	-	-	346,475,893
Total	-	-	346,475,893

(In Rupees)

	31 March 2017	31 March 2016	01 April 2015
12 Other current financial liabilities			
Other payables	391,358	124,749	4,632,126
Total	391,358	124,749	4,632,126

Terms and conditions of the above Financial liabilities :

a) Other payables are non-interest bearing and credit term for the same is generally in the range of 0 to 90 days.
b) For transactions relating to related party payables, refer Note 19.

(In Rupees)

	31 March 2017	31 March 2016	01 April 2015
13 Other Current Liabilities			
Statutory dues payable	20,132	7,500	3,305,748
Total	20,132	7,500	3,305,748

(In Rupees)

	31 March 2017	31 March 2016	01 April 2015
14 Income tax liabilities (net)			
Provision for taxation (net of advances)	-	-	3,228,380
Total	-	-	3,228,380

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Notes forming part of the Financial Statements

(In Rupees)

		31 March 2017	31 March 2016
15	**Revenue From Operations**		
	Income from Professional Services	400,000	-
	Total	400,000	-

(In Rupees)

		31 March 2017	31 March 2016
16	**Other Income**		
	Interest Income on		
	Bank deposits	-	153,782
	Income Tax Refund	175,503	-
	Others	189,000	326,689
	Dividend on Redeemable Preference shares	-	1,061,822
	Total	364,503	1,542,293

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(In Rupees)

		31 March 2017	31 March 2016
17	**Finance costs**		
	Interest on borrowings	333,706,765	32,549,748
	Total	333,706,765	32,549,748

(In Rupees)

		31 March 2017	31 March 2016
18	**Other Expenses**		
	Rates and Taxes	20,725	45,176
	Legal and Professional charges	55,196	70,386
	Payment to Auditors (Refer note below)	605,004	317,430
	Miscellaneous expenses	22,642	295
	Total	703,567	433,287

Auditors Remuneration is as under:

(In Rupees)

	31 March 2017	31 March 2016
Audit fees	86,250	85,875
Certification and Tax matters	506,481	226,655
Out of Pocket expenses	12,273	4,900
Total	605,004	317,430

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Notes forming part of the Financial Statements

19 Related Party Transactions

Holding Company

Zee Media Corporation Limited (Extend of holding 100% w.e.f. 1 April, 2014)

Wholly Owned Subsidiary Company

Diligent Media Corporation Limited (w.e.f. 2 November 2016)

Fellow subsidiary companies

Pri Media Services Private Limited, Zee Akaash News Private Limited, Maurya TV Private Limited

Other Related Parties with whom transactions have taken place during the year

Tapaswi Merchantile Private Limited, Zee Entertainment Enterprises Limited, Sprit Textiles Private Limited

A) Transactions with Related Parties (In Rupees)

	31 March 2017	31 March 2016
Income from Professional Services		
Wholly Owned Subsidiary Company		
Diligent Media Corporation Limited	400,000	-
Dividend on Preference shares		
Other Related Party		
Zee Entertainment Enterprises Limited	-	1,061,822
Interest Expenses		
Holding Company		
Zee Media Corporation Limited	-	32,549,749
Issue of Compulsory Convertible Debentures		
Holding Company		
Zee Media Corporation Limited	-	1,425,000,000
Repayment of Short-Term Borrowings		
Holding Company		
Zee Media Corporation Limited	-	346,475,893
Redemption of Investments in Preference Shares		
Other Related Party		
Zee Entertainment Enterprises Limited	-	22,273,836
Investments in Equity Shares		
Wholly Owned Subsidiary Company		
Diligent Media Corporation Limited	2,000	-
Investments in Compulsory Convertible Debentures		
Wholly Owned Subsidiary Company		
Diligent Media Corporation Limited	-	1,062,500,000
Repayment of Other Payables		
Wholly Owned Subsidiary Company		
Diligent Media Corporation Limited	-	4,440,156

Conversion of Compulsory Convertible Debentures into Non-Convertible Debentures, has not been considered in the above disclosures.

B) Balances outstanding as at (In Rupees)

	31 March 2017	31 March 2016	01 April 2015
Long-Term Borrowings - Compulsory Convertible Debentures			
Holding Company			
Zee Media Corporation Limited	-	11,307,410,565	9,882,410,565
Long-Term Borrowings - Non Convertible Debentures			
Wholly owned subsidiary Company			
Diligent Media Corporation Limited	11,307,410,565		
Short-Term Borrowings			
Holding Company			
Zee Media Corporation Limited	-	-	346,475,893
Other Payables			
Wholly Owned Subsidiary Company			
Diligent Media Corporation Limited	-	-	4,440,156
Investments in Equity Shares			
Wholly Owned Subsidiary Company			
Diligent Media Corporation Limited	5,201,701,963	5,201,699,963	5,201,699,963
Investments in Preference Shares			
Other Related Party			
Zee Entertainment Enterprises Limited	-	-	22,273,836
Investments in Compulsory Convertible Debentures			
Wholly Owned Subsidiary Company			
Diligent Media Corporation Limited	4,348,303,342	4,348,303,342	3,285,803,342
Trade receivables			
Wholly Owned Subsidiary Company			
Diligent Media Corporation Limited	319,931	-	
Interest Receivable			
Other Related Party			
Sprit Textiles Private Limited	5,677,213	5,677,213	5,677,213
Tapasvi Mercantile Private Limited	174,760	174,760	174,760
Dividend Receivable			
Other Related Party			
Zee Entertainment Enterprises Limited	-	-	684,693

20 Financial Instruments

i) Financial risk management objective and policies

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI investments and FVTPL instrument

1) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair value of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations to its non-convertible debenture holders.

Interest rate sensitivity

The borrowing of the company includes non-convertible debentures which carries fixed zero coupon rate and hence the Company is not exposed to interest rate risk.

2) There are no foreign currency transaction entered by the company. Hence the company is not exposed to currency risk

3) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, investments in debt securities, loans given and balances at bank.

The Company measures the expected credit loss of trade receivables based on historical trend, industry practices and the business enviornment in which the entity operates. Expected Credit Loss is based on actual credit loss experienced and past trends based on the historical data.

Ageing of Trade Receivables

(In Rupees)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade Receivables (Unsecured)			
Over six months	139,931	-	-
Less than six months	180,000	-	-
Total	319,931	-	-

Movement in allowance for credit loss during the year was as follows :

Balance at 1 April 2016	-
Less: Reversal during the year	-
Balance at 31 March 2017	-
Net Trade receivable	319,931

The following table gives details in respect of percentage of revenues generated from top 10 customers :

	As at 31 March 2017	As at 31 March 2016
	%	%
Revenues generated from top 10 customers	100%	0%

Credit risks from balances with banks and financial institutions are managed in accordance with the Company policy.

b) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The Company's principal source of liquidity are cash and cash equivalents and the cash flow.

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31 March 2017 :

	Due in 1st year	Due in 2 to 5 nd year
Financial Liabilities		
Other financial liabilities	391,358	-
Borrowings	-	9,065,102,405
Total	391,358	9,065,102,405

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2016 :

	Due in 1st year	Due in 2 to 5 nd year
Financial Liabilities		
Other financial liabilities	124,749	-
Borrowings	-	-
Total	124,749	-

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 1 April, 2015 :

	Due in 1st year	Due in 2 to 5 nd year
Financial Liabilities		
Other financial liabilities	4,632,126	-
Borrowings	346,475,893	-
Total	351,108,019	-

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ii) **Capital Management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the stakeholders through the optimization of the debt and equity balance.

(iii) **Categories of financial instruments**

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Financial assets			
Measured at cost			
Investments*	9,550,005,305	9,550,003,305	8,509,777,141
Measured at amortised cost			
Investments	-	-	22,273,836
Trade Receivables	319,931	-	-
Cash and cash equivalents	1,212,219	673,167	112,084
Loans	1,400,000	1,400,000	1,400,000
Other financial assets (current)	6,338,040	6,170,940	8,478,965
	9,559,275,495	9,558,247,412	8,542,042,026
Financial liabilities			
Measured at amortised cost			
Borrowings(Non current)	9,065,102,405	-	-
Borrowings(current)	-	-	346,475,893
Other financial liabilities (current)	391,358	124,749	4,632,126
	9,065,493,763	124,749	351,108,019

Fair Value

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Measured at cost						
Investments*	9,550,005,305	9,550,005,305	9,550,003,305	9,550,003,305	8,509,777,141	8,509,777,141
Measured at amortised cost						
Investments	-	-	-	-	22,273,836	22,273,836
Trade Receivables	319,931	319,931	-	-	-	-
Cash and cash equivalents	1,212,219	1,212,219	673,167	673,167	112,084	112,084
Loans	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Other financial assets (current)	6,338,040	6,338,040	6,170,940	6,170,940	8,478,965	8,478,965
	9,559,275,495	9,559,275,495	9,558,247,412	9,558,247,412	8,542,042,026	8,542,042,026
Financial liabilities						
Measured at amortised cost						
Borrowings(Non current)	9,065,102,405	9,065,102,405	-	-	-	-
Borrowings(current)	-	-	-	-	346,475,893	346,475,893
Other financial liabilities (current)	391,358	391,358	124,749	124,749	4,632,126	4,632,126
	9,065,493,763	9,065,493,763	124,749	124,749	351,108,019	351,108,019

The management assessed that cash and cash equivalents, trade receivables, other financial assets, borrowings and other financials liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

* The Company has invested in equity shares of Rs. 5,201,701,963 and Compulsorily Convertible Debentures (CCD) of Rs 4,348,303,342 of Diligent Media Corporation Limited and considers that the carrying value is the fair value of investments.

(iv) **Fair value Hierarchy**

The Company's financial assets and liabilities measured at amortised cost and are considered in Level 3 of fair value hirarchy and have been considered at carrying amount .

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21 Tax Expense

The Major components of income tax for the year are as under:

(In Rupees)

	2017	2016
Income tax related to items recognised directly in the statement of profit and loss		
Current tax - current year	18,829	
- earlier years	291,852	(2,477,910)
Deferred tax charge / (benefit)	-	-
Total	**310,681**	**(2,477,910)**
Effective Tax Rate	(0.09)	7.88

A reconciliation of the income tax expense applicable to the profit before income tax at statutory rate to the income tax expense at the Company's effective income tax rate for the year ended 31 March, 2017 and 31 March, 2016 is as follows:

(In Rupees)

	2017	2016
Profit / (Loss) before tax	**(333,645,829)**	**(31,440,742)**
Income Tax		
Statutory income tax on above	103,096,561	9,715,189
Tax effect on non-deductible expenses	(103,115,390)	(10,043,292)
Effect of exempt income and income tax at special rates	-	328,103
Tax effect for earlier years	291,852	(2,477,910)
Tax expense recognised in the statement of profit and loss	**310,681**	**(2,477,910)**

Deferred Tax

The Company has brought forward business losses of Rs. 433,287 (31 March 2016 : Nil, 1 April 2015 : Nil) that are available for offsetting for eight years against future taxable income till FY 2024-2025. However, considering the present financial position, the requirement of the accounting standard regarding certainty / virtual certainty for realisability of deferred tax assets and out of abundant caution and management prudence, deferred tax asset amounting to Rs. 149,952 (31 March 2016 : Nil, 1 April 2015 : Nil) is not recognised.

22 Information required under Section 186 (4) of the Companies Act, 2013

(i) Loans given

Name of the parties	Opening	Given	Repaid	Closing
Dakshin Utilities works Limited*	1,400,000	-	-	1,400,000
Total	**1,400,000**	-	-	**1,400,000**

Loan given carries interest @ 13.5% and repayable on demand for the general business purpose of the Company.

* formerly know as 24 Ghatalu News Limited

(ii) Investments made

There are no investments made during the year except those mentioned in Note 2.

(iii) Guarantees given

There are no guarantees given during the year.

(iv) Securities given

There are no securities given during the year.

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Mediavest India Private Limited
Notes forming part of the Financial Statements

23 The Scheme of Arrangement and Amalgamation ('Scheme') between Zee Media Corporation Limited ('ZMCL'), Diligent Media Corporation Limited ('DMCL'), Mediavest India Private Limited ('Mediavest' or 'the Company')), Pri-Media Services Private Limited ('Pri-Media'), Maurya TV Private Limited ('Maurya') and their respective shareholders and creditors under Section 391 to 394 of the Companies Act, 1956 read with Section 100 to 103 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 ('the Scheme') was approved by the Board in its meeting on 27 October, 2016. The said Scheme provides with a view to consolidate Print Media business under DMCL; and Merger of Maurya with ZMCL. The Scheme is being proposed in view of different FDI requirements for Television News and Print News Media and also to inter alia facilitate creation of simplified and efficient business structure, attribute appropriate risk and value to different business.

Pursuant to the relevant Scheme the Company shall stand dissolved without winding-up and all inter-company balances including Company's investment in DMCL by way of Equity Shares and CCDs of DMCL and DMCL's investment in the Company by way of NCDs of the Company held by DMCL (Post demerger) will get cancelled. Pending approval of the High Court, effect of the same has not been considered in these financial statements.

24 During FY 2015, pursuant to the Scheme of Arrangement, the Company was allotted 22,273,886, 6% Non-cumulative Non-convertible Redeemable Preference Shares of Re.1 each fully paid up. These Preference Shares were redeeemable at par at any time within three years from the date of allotment and the same have been redeemed during FY 2016 and the Company also received dividend of Rs. 1,061,822 /-.

25 Details of Specified Bank Notes (SBN) held and transacted during the period 08 November 2016 to 30 December 2016

(in Rupees)

	Specified bank notes	Other denomination notes	Total
Closing cash in hand as on 08 November, 2016	-	5,423	5,423
Add : Permitted receipts	-	-	-
Less : Permitted payments	-	-	-
Less : Amount deposited in Banks	-	-	-
Closing cash in hand as on 30 December, 2016	-	5,423	5,423

26 Contingent Liabilities

	31 March 2017	31 March 2016	31 March 2015
Disputed income tax demand	-	21,046,940	1,524,439,770

27 Earnings per share:

Basic earnings per share is computed by dividing net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Dilutive earnings per share is computed and disclosed using the weighted average number of equity shares and dilutive equity equivalent shares outstanding during the year, except when the results would be anti-dilutive.

(in Rupees)

	31 March 2017	31 March 2016
Profit / (Loss) after tax	(333,956,510)	(28,962,832)
Weighted Average number of equity shares for Basice and diluted EPS (in numbers)	10,000	10,000
Nominal value of equity shares	10	10
Basic and diluted EPS	(33,396)	(2,896)

28 Micro, Small and Medium enterprises

The Company has no dues to Micro, Small and Medium enterprises during the year ended 31 March 2017, on the basis of information provided by the parties and available on record.

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29.1 **First-time adoption of Ind-AS**

For all periods upto and including the year ended 31 March 2016, the Company had prepared its financial statements in accordance with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). This note explains the principal adjustments made by the Company in restating its financial statements prepared under Previous GAAP.

Exemptions availed on first time adoption of Ind-AS 101

1 **Investment in Subsidiary**

The Company has elected to adopt the carrying value under previous GAAP as on the date of transition i.e. 1 April 2015 in its separate financial statements.

2 **Business Combinations**

The Company has elected to apply IND AS 103 Business Combinations prospectively from 1 April 2015.

3 **Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

4 **De-recognition of financial assets and liabilities**

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. Accordingly, the Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

5 **Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

29.2 **Reconciliations between Previous GAAP and Ind AS**

The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

1. Balance Sheet and equity Reconciliation
2. Profit and Loss and Other comprehensive income Reconciliation
3. Adjustment to Statement of Cash Flows

29.2.1 **Effect of Ind AS adoption on Balance Sheet**

(In Rupees)

	Note	Balance Sheet as at 1 April 2015			Balance Sheet as at 31 March 2016		
		IGAAP	Effects of transition to Ind-AS	Ind AS	IGAAP	Effects of transition to Ind-AS	Ind AS
ASSETS							
Non-current assets							
(a) Financial assets							
(i) Investments		8,509,777,141	-	8,509,777,141	9,550,003,305	-	9,550,003,305
(b) Income tax assets (net)		1,575,040	-	1,575,040	1,623,088	-	1,623,088
Total non-current assets		**8,511,352,181**	-	**8,511,352,181**	**9,551,626,393**	-	**9,551,626,393**
Current assets							
(a) Financial Assets							
(i) Cash and cash equivalents		112,084	-	112,084	673,167	-	673,167
(iii) Loans		3,196,432	-	3,196,432	1,403,000	-	1,403,000
(ii) Other financial assets		6,682,533	-	6,682,533	6,167,940	-	6,167,940
Total current assets		**9,991,049**	-	**9,991,049**	**8,244,107**	-	**8,244,107**
		8,521,343,230	-	**8,521,343,230**	**9,559,870,500**	-	**9,559,870,500**
EQUITY AND LIABILITIES							
Equity							
(a) Equity Share capital		100,000	-	100,000	100,000	-	100,000
(b) Instruments entirely equity in nature	a	-	9,882,410,565	9,882,410,565	-	11,307,410,565	11,307,410,565
(c) Other Equity		(1,718,809,482)	-	(1,718,809,482)	(1,747,772,314)	-	(1,747,772,314)
Total Equity		**(1,718,709,482)**	**9,882,410,565**	**8,163,701,083**	**(1,747,672,314)**	**11,307,410,565**	**9,559,738,251**
Liabilities							
Non-current liabilities							
(a) Financial liabilities							
(i) Borrowings	a	9,882,410,565	(9,882,410,565)	-	11,307,410,565	(11,307,410,565)	-
Total non-current liabilities		**9,882,410,565**	**(9,882,410,565)**	-	**11,307,410,565**	**(11,307,410,565)**	-
Current liabilities							
(a) Financial liabilities							
(i) Borrowings		346,475,893	-	346,475,893			
(ii) Trade payables				-		-	-
(iii) Other current financial liabilities		4,632,126	-	4,632,126	124,749	-	124,749
(b) Current tax liabilities (net)		3,228,380	-	3,228,380	-	-	-
(c) Other current liabilities		3,305,748	-	3,305,748	7,500	-	7,500
Total current liabilities		**357,642,147**	-	**357,642,147**	**132,249**	-	**132,249**
		8,521,343,230	-	**8,521,343,230**	**9,559,870,500**		**9,559,870,500**

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29.2.2 Effect of Ind AS adoption on Total Comprehensive Income

(In Rupees)

	Year ended 31 March 2016		
	IGAAP	Effects of transition to Ind-AS	Ind AS
Income			
Other Income	1,542,293	-	1,542,293
Total Income	**1,542,293**	-	**1,542,293**
Expenses			
Finance Cost	32,549,748	-	32,549,748
Other expenses	433,287	-	433,287
Total Expenses	**32,983,035**	-	**32,983,035**
Loss before tax	**(31,440,742)**	-	**(31,440,742)**
Tax Expense			
Current tax			
-Current Year	-	-	-
-Earlier Year	(2,477,910)	-	(2,477,910)
Loss for the year	**(28,962,832)**	-	**(28,962,832)**
Other Comprehensive income	-	-	-
Total Comprehensive profit for the year	**(28,962,832)**	-	**(28,962,832)**

29.2.3 Effect of Ind AS adoption on equity

Reconciliation of equity as of 31 March, 2016 and 1 April, 2015

	Notes	31 March 2016	1 April 2015
Total equity (shareholders' funds under Previous GAAP)		(1,747,672,314)	(1,718,709,482)
Instruments entirely equity in nature	a	11,307,410,565	9,882,410,565
Total equity as per Ind AS		9,559,738,251	8,163,701,083

Since there is no impact in total comprehensive income for the year ended 31 March 2016, reconciliation has not been given.

29.2.4 Cash flow statement

There were no significant reconciliation items between cash flows prepared under Previous GAAP and those prepared under Ind AS.

Explanations for reconciliation of Balance Sheet and Statement of Profit and loss and other Comprehensive income as previously reported under IGAAP to Ind AS

a) Under previous GAAP, Compulsory Convertible Debentures of Re. 1 each fully paid up, issued to related party viz. 25 FPS Media Private Limited, were classified as part of debt. These have been reclassified as total equity (Instruments entirely equity in nature) as per the Ind AS requirements.

30 Prior Year Comparatives

Previous years figures have been regrouped, rearranged or recasted wherever necessary to conform to this year's classification. Figures in brackets pertain to previous years.

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