# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

## 1 CORPORATE INFORMATION

Zee Entertainment Enterprises Limited ('ZEEL' or 'the Company') is incorporated in the State of Maharashtra, India and is listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in India. The registered office of the Company is 18th floor, A Wing, Marathon Futurex, N. M. Joshi Marg, Mumbai 400013, India. The Company is mainly in the following businesses:

a) Broadcasting of Satellite Television Channels and digital media;

b) Space Selling agent for other satellite television channels;

c) Sale of Media Content i.e. programs / film rights / feeds / music rights

## 2 SIGNIFICANT ACCOUNTING POLICIES

**a) Statement of compliance**

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 (the Act) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

**b) Basis of preparation of financial statements**

These financial statements have been prepared and presented 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 reporting period, as stated in the accounting policies stated out below.

**c) Business combination**

Business combinations have been accounted for using the acquisition method.

The consideration transferred is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is achieved by the Company. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Business combinations between entities under common control is accounted for at carrying value. Transaction costs that the Company incurs in connection with a business combination such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

In case of a bargain purchase, before recognising a gain in respect thereof, the Company determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Company reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Company then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Company recognises it in other comprehensive income and accumulates the same in equity as capital reserve. This gain is attributed to the acquirer. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Company recognises the gain, after assessing and reviewing (as described above), directly in equity as capital reserve.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as a part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill or capital reserve, as the case may be. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair value at subsequent reporting dates with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed off.

**d) Property, plant and equipment**

**i)** Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any. The cost comprises purchase price and related expenses and for qualifying assets, borrowing costs are capitalised based on the Company's accounting policy. Integrated Receiver Decoders (IRD) boxes are capitalised, when available for deployment.

**ii)** Capital work-in-progress comprises cost of property, plant and equipment and related expenses that are not yet ready for their intended use at the reporting date.

**iii)** Depreciation is recognised so as to write off the cost of assets (other than free hold land and capital work-in-progress) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each reporting period, with the effect of changes in estimate accounted for on a prospective basis.

The estimate of the useful life of the assets has been assessed based on technical advice, taking into account the nature of the asset, the estimated

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usage of the asset, the operating conditions of the asset, past history of replacement etc. The estimated useful life of items of property, plant and equipment is as mentioned below:

Furniture and Fixtures - 5 years ^
Buildings - 60 years *
Computers - 3 and 6 years *
Plant and Machinery ^
Gas Plant - 20 years
Others - 5 to 10 years
Equipment - 3 to 5 years ^
Vehicles - 5 years ^

* Useful life is as prescribed in Schedule II to the Companies Act, 2013

^ Useful life is lower than as prescribed in Schedule II to the Companies Act, 2013

**e) Investment property**

i) Investment property are properties (land or a building or part of a building or both) held to earn rentals and / or for capital appreciation (including property under construction for such purposes). Investment property is measured initially at cost including purchase price, borrowing costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and impairment, if any.

ii)Depreciation on investment property is provided as per the useful life prescribed in Schedule II to the Companies Act, 2013.

**f) Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to the respective cash generating units that is expected to benefit from the synergies of the combination.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis, based on the carrying amount of each asset in the unit. Any impairment loss for the goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On the disposal of the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**g) Intangible assets**

Intangible assets with finite useful lives that are acquired are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives.

The estimated useful life for intangible assets is 3 years. The estimated useful and amortisation method are reviewed at each reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination:
Intangible assets acquired in a business combination and recognised separately from Goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, the intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

**h) Impairment of Property, plant and equipment / other intangible assets**

The carrying amounts of the Company's property, plant and equipment and intangible assets are reviewed at each reporting date to determine whether there is any indication that those assets have suffered any impairment loss. If there are indicators of impairment, an assessment is made to determine whether the asset's carrying value exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

An impairment loss is recognised in statement of profit and loss whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. Reversal of an impairment loss is recognised immediately in profit or loss.

**i) Derecognition of property, plant and equipment / other intangible assets / investment property**

The carrying amount of an item of property, plant and equipment / intangibles / investment property is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment / intangibles / investment property is deteremined as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in the statement of profit and loss.

**j) Leases**

**i) Finance lease**

The Company as a lessee:
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**ii) Operating lease**

The Company as a lessee:
Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Operating Lease payments / revenue are recognised on straight line basis over the lease period in the statement of profit and loss unless increase is on account of inflation.

The Company as a lessor:
Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

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**k) Cash and cash equivalents**
Cash and cash equivalents in the balance sheet comprise cash at banks and in 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.

**l) Inventories**

**i) Media Content:**
Media content i.e. Programs, Film rights, Music rights ((completed (commissioned / acquired) and under production)) including content in digital form are stated at lower of cost / unamortised cost or realisable value. Cost comprises acquisition / direct production cost. Where the realisable value of media content is less than its carrying amount, the difference is expensed. Programs, film rights, music rights are expensed / amortised as under:

1. Programs - reality shows, chat shows, events, game shows and sports rights etc. are fully expensed on telecast / upload.

2. Programs (other than (1) above) are amortised over three financial years starting from the year of first telecast / upload, as per management estimate of future revenue potential.

3. Film rights are amortised on a straight-line basis over the licensed period or sixty months from the commencement of rights, whichever is shorter.

4. Music rights are amortised over three financial years starting from the year of commencement of rights, as per management estimate of future revenue potential.

**ii) Raw Stock:**
Tapes are valued at lower of cost or estimated net realisable value. Cost is taken on weighted average basis.

**m) 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 and 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 and loss are recognised immediately in the statement of profit and loss.

**ii) Financial assets**

**1. Classification of financial assets**
Financial assets are classified into the following specified categories: amortised cost, financial assets 'at fair value through profit and loss' (FVTPL), '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.

**2. Subsequent measurement**
**- Debt Instrument - amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within 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.

**(b)** The asset's contractual cash flows represent solely payments of principal 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 recognised in the other comprehensive income (OCI). However, the Company recognises 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 effective interest rate 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 amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised 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 recognised in the statement of profit and loss.

**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.

**Investment in subsidiaries, joint ventures and associates:**
Investment in subsidiaries, joint ventures and associates are carried at cost less impairment loss in accordance with Ind AS 27 on 'Separate Financial Statements'.

**Derivative financial instruments:**
Derivative financial instruments are classified and measured at fair value through profit and loss.

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**3 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.

**4 Impairment of financial assets**

The Company measures the expected credit loss associated with its financial 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.

**iii Financial liabilities and equity instruments**

**1 Classification of debt or equity:**

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.

**2 Subsequent Measurement:**

**- Financial liabilities measured at amortised cost:**

Financial liabilities are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised 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 amortisation is included in finance costs in the statement of profit and loss.

**- Financial liabilities measured at fair value through profit and loss (FVTPL):**

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Derivatives, including separated embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities at fair value through profit and loss are carried in the financial statements at fair value with changes in fair value recognised in other income or finance costs in the statement of profit and loss.

**3 Derecognition of financial liabilities**

A financial liability is derecognised 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 recognised in the statement of profit and loss.

**iv Fair value measurement**

The Company measures financial instruments such as debts and certain investments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**- Level 1** — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

**- Level 2** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

**- Level 3** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**n) Borrowings and Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**o) 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.

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The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainities surrounding the obligation. When a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurance or non-occurance of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that the outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

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.

**p) Revenue recognition**
**Ind AS 115 'Revenue from Contracts with Customers'**

The Companies (Indian Accounting Standards) Amendment Rules, 2018 issued by the Ministry of Corporate Affairs (MCA) notified Ind AS 115 "Revenue from Contracts with Customers" related to revenue recognition which replaces all existing revenue recognition standards and provide a single, comprehensive model for all contracts with customers. The revised standard contains principles to determine the measurement of revenue and timing of when it is recognised.

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) Broadcasting revenue - Advertisement revenue (net of discount and volume rebates) is recognised when the related advertisement or commercial appears before the public i.e. on telecast. Subscription revenue (net of share to broadcaster) is recognised on time basis on the provision of television broadcasting service to subscribers.

ii) Sale of media content - Revenue is recognised when the significant risks and rewards have been transferred to the customers in accordance with the agreed terms.

iii) Commission revenue - Commision of space selling is recognised when the related advertisement or commercial appears before the public i.e. on telecast.

iv) Revenue from other services is recognised as and when such services are completed / performed.

v) Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate (EIR) applicable.

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

vii) Rent income is recognised on accrual basis as per the agreed terms on straight line basis.

**q) Retirement and other employee benefits**

Payments to defined contribution plans viz. government administered provident funds and pension schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined retirement benefit plans in the form of gratuity and leave encashment, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to statement of profit and loss. Past service cost is recognised in statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

i) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

ii) net interest expense or income; and

iii) remeasurement

The Company presents the first two components of defined benefit costs in statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits:
A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

**r) Transactions in foreign currencies**

i) The functional currency of the Company is Indian Rupees (₹) Foreign currency transactions are accounted at the exchange rate prevailing on the date of such transactions.

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ii) Foreign currency monetary items are translated using the exchange rate prevailing at the reporting date. Exchange differences arising on settlement of monetary items or on reporting such monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements are recognised as income or as expenses in the period in which they arise.

iii) Non-monetary foreign currency items are measured in terms of historical cost in the foreign currency and are not retranslated.

**s) 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 recognised 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 is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**t) 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 are anti-dilutive.

**u) Share based payments**

The Company recognizes compensation expense relating to share-based payments in net profit using fair-value in accordance with Ind AS 102, Share-Based Payment. The estimated fair value of awards is charged to statement of profit and loss on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share based payment reserves.

## 3. KEY ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

**a) Income taxes**

The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

**b) Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

**c) Impairment of Goodwill**

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test

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is performed at the level of the cash-generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

In estimating the future cash flows / fair value less cost of disposal, the Company has made certain assumptions relating to the future customer base, future revenues, operating parameters, capital expenditure and terminal growth rate which the Company believes reasonably reflects the future expectation of these items. However, if these assumptions change consequent to change in future conditions, there could be further favorable / adverse effect on the recoverable amount of the assets. The assumptions will be monitored on periodic basis by the Company and adjustments will be made if conditions relating to the assumptions indicate that such adjustments are appropriate.

**d) Defined Benefit Obligation**

The costs of providing pensions and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with IND AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates.

**e) Fair value measurement of financial instruments**

When the fair values of financials assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

**f) Media Content, including content in digital form**

The Company has several types of inventory such as general entertainment, movies, and music. Such inventories are expensed/amortised based on certain estimates and assumptions made by Company, which are as follows:

i) Reality shows, chat shows, events, game shows and sports rights: are fully expensed on telecast / upload which represents best estimate of the benefits received from the acquired rights.

ii) The cost of program (own production and commissioned program) are amortised over a period of three financial years over which revenue is expected to be generated from exploitation of programs.

iii) Cost of movie rights - The Company's expectation is that substantial revenue from such movies is earned during the period of five years from the date of acquisition of license to broadcast / upload on digital platform. Hence, it is amortised on a straight line basis over the license period or sixty months from the date of acquisition, whichever is shorter.

iv) Music rights are amortised over three financial years starting from the year of commencement of rights over which revenue is expected to be generated from exploitation of rights.

## 4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

On 30 March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Indian Accounting Standards (Ind AS) 116, "Leases", which is applicable to the Company w.e.f. 1 April, 2019. Ind AS 116 eliminates the current classification model for lessee's lease contracts as either operating or finance leases and, instead, introduces a single lessee accounting model requiring lessees to recognize right-of-use assets and lease liabilities for leases with a term of more than twelve months. This brings the previous off-balance leases on the balance sheet in a manner largely comparable to current finance lease accounting. Ind AS 116 is effective for financial year beginning on or after 1 April 2019. The Company will adopt the standard for the financial year beginning 1 April 2019. Based on the preliminary assessment performed by the Group, the impact of application of the Standard is not expected to be material.

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

### 5. PROPERTY, PLANT AND EQUIPMENT

(₹ Millions)

| Description of assets | Buildings | Plant and machinery | Furniture and fittings | Vehicles | Equipments | Computers | Leasehold improvements | Total |
|---|---|---|---|---|---|---|---|---|
| I. Cost | | | | | | | | |
| **As at 1 April 2017** | **382** | **3,133** | **209** | **216** | **518** | **525** | **555** | **5,538** |
| Additions | 16 | 440 | 108 | 10 | 288 | 385 | 241 | 1,488 |
| Transfer from investment property | 198 | - | - | - | - | - | - | 198 |
| On account of amalgamation | - | - | 0 | - | 2 | 13 | - | 15 |
| Disposals | - | 59 | 0 | 23 | 3 | 3 | 2 | 90 |
| **As at 31 March 2018** | **596** | **3,514** | **317** | **203** | **805** | **920** | **794** | **7,149** |
| Additions | 1 | 265 | 28 | 56 | 64 | 173 | 138 | 725 |
| Transfer to investment property | 4 | - | - | - | - | - | - | 4 |
| Disposals | - | 77 | 3 | 35 | 22 | 1 | 2 | 140 |
| **As at 31 March 2019** | **593** | **3,702** | **342** | **224** | **847** | **1,092** | **930** | **7,730** |
| **II. Accumulated depreciation** | | | | | | | | |
| **As at 1 April 2017** | **46** | **1,579** | **96** | **87** | **261** | **238** | **281** | **2,588** |
| Depreciation charge for the year | 20 | 289 | 46 | 36 | 117 | 156 | 185 | 849 |
| Transfer from investment property | 4 | - | - | - | - | - | - | 4 |
| On account of amalgamation | - | - | 0 | - | 1 | 10 | - | 11 |
| Disposals | - | 23 | 0 | 20 | 2 | 2 | - | 47 |
| **Upto 31 March 2018** | **70** | **1,845** | **142** | **103** | **377** | **402** | **466** | **3,405** |
| Depreciation charge for the year | 9 | 331 | 57 | 36 | 143 | 199 | 190 | 965 |
| Transfer to investment property | 4 | - | - | - | - | - | - | 4 |
| Disposals | - | 53 | 3 | 32 | 22 | 1 | 2 | 113 |
| **Upto 31 March 2019** | **75** | **2,123** | **196** | **107** | **498** | **600** | **654** | **4,253** |
| **Net book value** | | | | | | | | |
| **As at 31 March 2019** | **518** | **1,579** | **146** | **117** | **349** | **492** | **276** | **3,477** |
| As at 31 March 2018 | 526 | 1,669 | 175 | 100 | 428 | 518 | 328 | 3,744 |

# NOTES

**FORMING PART OF THE FINANCIAL STATEMENTS**

(₹ Millions)

| Net book value | Mar-19 | Mar-18 |
|---|---|---|
| Property, plant and equipment | 3,477 | 3,744 |
| Capital work-in-progress | 175 | 96 |

1 ‘0’ (zero) denotes amounts less than a million.

2 Buildings include ₹ 0 Million (₹ 0 Million) (₹ 114,100/- (₹ 114,100/-)) the value of share in a co-operative society.

3 Part of Property, plant and equipment have been given on operating lease.

4 During the year, the Company has written off property, plant and equipment of ₹ 13 Millions (₹ 12 Millions) which is charged to the Statement of Profit and Loss.

5 Certain vehicles have been hypothecated against borrrowings for vehicles aggregating to ₹ 28 Millions (₹ 17 Millions).

## 6. INVESTMENT PROPERTY

(₹ Millions)

| Description of Assets | Land and building |
|---|---|
| **I. Cost** | |
| **As at 1 April 2017** | **1,105** |
| Additions | 601 |
| Transfer to property, plant and equipment | 198 |
| **As at 31 March 2018** | **1,508** |
| Transfer from property, plant and equipment | 8 |
| **As at 31 March 2019** | **1,516** |
| **II. Accumulated depreciation** | |
| **Upto 31 March 2017** | **47** |
| Depreciation charge for the year | 3 |
| Transfer to property, plant and equipment | 4 |
| **Upto 31 March 2018** | **46** |
| Depreciation charge for the year | 15 |
| Transfer from property, plant and equipment | 7 |
| **Upto 31 March 2019** | **68** |
| **Net book value** | |
| **As at 31 March 2019** | **1,448** |
| As at 31 March 2018 | 1,462 |

The fair value of the Company’s investment property ₹ 2,601 Millions (₹ 2,457 Millions), has been arrived at on the basis of a valuation carried out at balance sheet date by independent valuers. Independent valuers have appropriate qualifications and experience in the valuation of properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The fair value measurement is categorized as Level 3.

# NOTES

**FORMING PART OF THE FINANCIAL STATEMENTS**

## 7. GOODWILL AND OTHER INTANGIBLE ASSETS

(₹ Millions)

| Description of assets | Goodwill | Trademark | Customer list and websites | Software | Channels | Total |
|---|---|---|---|---|---|---|
| **I. Cost** | | | | | | |
| **As at 1 April 2017** | **621** | **290** | **-** | **534** | **133** | **1,578** |
| Additions | 2,615 | 0 | 1,081 | 216 | - | 3,912 |
| On account of amalgamation | - | - | - | 1 | - | 1 |
| Transfers | - | 0 | - | - | - | 0 |
| Disposals | - | - | - | 0 | 30 | 30 |
| **As at 31 March 2018** | **3,236** | **290** | **1,081** | **751** | **103** | **5,461** |
| Additions | - | - | - | 324 | - | 324 |
| Disposals | - | - | - | 22 | - | 22 |
| **As at 31 March 2019** | **3,236** | **290** | **1,081** | **1,053** | **103** | **5,763** |
| **II. Accumulated amortisation** | | | | | | |
| **As at 1 April 2017** | **-** | **77** | **-** | **430** | **60** | **567** |
| Amortisation for the year | - | 128 | 250 | 106 | 62 | 546 |
| Transfers | - | 0 | - | 1 | - | 1 |
| Disposals | - | - | - | - | 19 | 19 |
| **Upto 31 March 2018** | **-** | **205** | **250** | **537** | **103** | **1,095** |
| Amortisation for the year | - | 85 | 360 | 164 | - | 609 |
| Impairment | 218 | - | - | - | - | 218 |
| Disposals | - | - | - | 22 | - | 22 |
| **As at 31 March 2019** | **218** | **290** | **610** | **679** | **103** | **1,900** |
| **Net book value** | | | | | | |
| **As at 31 March 2019** | **3,018** | **-** | **471** | **374** | **-** | **3,863** |
| As at 31 March 2018 | 3,236 | 85 | 831 | 214 | 0 | 4,366 |

'0' (zero) denotes amounts less than a million.

The carrying amount of goodwill allocated to above cash generating units as follows:

(₹ Millions)

| Cash generating unit | Mar-19 | Mar-18 |
|---|---|---|
| Regional channel in India | 621 | 621 |
| Online media business | 2397 | 2615 |

**Regional channel in India**

The recoverable amount of this Cash Generating Unit (CGU) is determined based on a value in use. The estimated value in use of this CGU is based on the future cash flows using a 2% terminal growth rate for periods subsequent to the 5 years and discount rate of 16.2%. An analysis of the sensitivity of the computation to a change in key parameters (operating margin, discount rate and long term growth rate), based on a reasonably probable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

**Online media business**

As at 31 March 2019, the Company assessed the recoverable amount of goodwill allocated to the Online Media Business as per the requirement of Ind AS 36 - 'Impairment of assets'. The recoverable amount of this CGU is determined based on the fair value less cost of disposal using revenue multiples which is based on international valuation standards by an independent valuer. The excess of carrying value of CGU over the recoverable amount has been accounted as an impairment charge of ₹ 218 millions which is disclosed as exceptional item. Due to use of significant unobservable inputs to compute the fair value, it is classified as level 3 in the fair value hierarchy as per the requirement of Ind AS 113 - 'Fair value measurement'.

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

### 8. NON-CURRENT INVESTMENTS

(₹ Millions)

| | | Mar-19 | Mar-18 |
|---|---|---|---|
| a | **Investments in subsidiaries (carried at cost)** | | |
| | **Investment in equity instruments** | | |
| | **Wholly owned - unquoted** | | |
| | 56,796,292 (56,796,292) Ordinary shares of USD 1/- each of Zee Multimedia Worldwide (Mauritius) Limited | 2,584 | 2,584 |
| | 583 (583) Ordinary shares of USD 1/- each of ATL Media Ltd | 2,515 | 2,515 |
| | 100,000 (100,000) Equity shares of ₹ 10/- each of Zee Digital Convergence Limited | 1 | 1 |
| | 1,000,000 (1,000,000) Equity shares of ₹ 1/- each of India Webportal Private Limited | 9 | 9 |
| | 100,000 (100,000) Equity shares of ₹ 10/- each of Zee Unimedia Limited | 1 | 1 |
| | 13,009,997 (13,009,997) Equity shares of ₹ 10/- each of Essel Vision Productions Limited | 330 | 330 |
| | 2,000,000 (2,000,000) Equity shares of ₹ 10/- each of Fly By Wire International Private Limited | 28 | 28 |
| | Equity portion of 0% optionally convertible debentures of ₹ 1/- each of Fly By Wire International Private Limited | - | 62 |
| | **Others - unquoted** | | |
| | 74,000 (74,000) Equity shares of ₹ 10/- each of Zee Turner Limited (Extent of holding 74%) | 1 | 1 |
| | 40,000 (40,000) Equity shares of ₹ 10/- each of Margo Networks Private Limited (Extent of holding 80%) | 750 | 750 |
| | | **6,219** | **6,281** |
| b | **In associate - quoted** | | |
| | **Investment in equity instruments** | | |
| # | 475,000 (1,321,200) Equity shares of ₹ 10/- each of Aplab Limited (Extent of holding 26.42% upto 15 January 2019) | 4 | 47 |
| | Less : Impairment in value of investments | - | 20 |
| # | Less: Reclassified as Investments at fair value through other comprehensive income | 4 | - |
| | | **-** | **27** |
| c | **Other investments** | | |
| i) | **Investments in debentures at amortised cost** | | |
| | **Other non-current investments at amortised cost** | | |
| | **Wholly owned subsidiaries - unquoted** | | |
| | 180,000,000 (300,000,000) 0% Optionally convertible debentures of ₹ 1/- each of Fly By Wire International Private Limited | 180 | 263 |
| | **Others - quoted** | | |
| | 50 (50) 10.20% Unsecured redeemable non-convertible debentures of ₹ 1,000,000 each of Yes Bank Limited (Tenure - 10 years) | 52 | 52 |
| | **Others - unquoted** | | |
| | 50,000 (50,000) 9.35% Secured redeemable non-convertible debentures of ₹ 1,000 each of IFCI Limited (Tenure - 5 years) | 71 | 62 |
| | 50,000 (50,000) 9.80% Secured redeemable non-convertible debentures of ₹ 1,000 each of IFCI Limited (Tenure - 5 years) | 51 | 55 |

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

(₹ Millions)

| | | Mar-19 | Mar-18 |
|---|---|---|---|
| ii) | **Investments at fair value through other comprehensive income** | | |
| | **Investments in equity instruments - quoted** | | |
| * | 3,644,000 (1,822,000) Equity shares of ₹ 2/- each of Essel Propack Limited | 425 | 438 |
| # | 475,000 (1,321,200) Equity shares of ₹ 10/- each of Aplab Limited | 4 | - |
| | **Investment in equity instruments - unquoted** | | |
| | 1 (1) Equity shares of ₹ 10/- each of Tagos Design Innovations Private Limited | 0 | 0 |
| | 30,000 (30,000) Equity shares of ₹ 10/- each of Last Minute Media Private Limited ₹ 300,000/- (300,000/-) | 0 | 0 |
| | Less: Impairment in value of investment ₹ 300,000/- (300,000/-) | 0 | 0 |
| | | - | - |
| (iii) | **Investments at fair value through profit and loss** | | |
| | **Investment in debentures** | | |
| | **Wholly owned subsidiaries - unquoted** | | |
| ** | 5,223,600,000 (3,985,000,000) 0% Optionally convertible debentures of ₹ 1/- each of Essel Vision Productions Limited | 5,904 | 4,409 |
| | **Others - Unquoted** | | |
| | 2,905 (2,905) Compulsorily convertible preference shares of ₹ 10/- each of Tagos Design Innovations Private Limited | 102 | 184 |
| | 1,069.6 (1,069.6) units of ₹ 1,000,000/- each of Morpheus Media Fund | 165 | 323 |
| | 100 (100) Units of ₹. 1,000,000 /- each (partly paid: ₹ 450,000 /- (₹ 350,000/- ) each) of Exfinity Technology Fund-Series II | 30 | 27 |
| | | **6,984** | **5,813** |
| | **Total** | **13,203** | **12,121** |

(All the above securities are fully paid-up except where specifically mentioned as partly paid)
'0' (zero) denotes amounts less than a million.

# During the year, the Company has sold 846,200 shares i.e. 16.92% stake in Aplab Limited and accordingly, Aplab Limited is no longer an associate of the Company. The Company has elected to classify the balance stake at fair value through other comprehensive income.

* During the year, the Company issued bonus shares in 1:1 ratio.

** Optionally Convertible Debentures (OCD) have a tenure of 5 years. The Company has an option to convert the OCD at any time after initial period of 3 years / 18 months from the date of allotment, into Equity Shares at a price as determined by the Board or per share or net asset value at the time of conversion, whichever is higher. OCD's not converted into Equity Shares shall be redeemable at par at the end of the tenure.

| | Mar-19 | Mar-18 |
|---|---|---|
| Aggregate amount and market value of quoted investments | 481 | 537 |
| Aggregate carrying value of unquoted investments | 12,722 | 11,604 |
| Aggregate amount of impairment in value of investments | 0 | 20 |

# NOTES

**FORMING PART OF THE FINANCIAL STATEMENTS**

## 9. OTHER FINANCIAL ASSETS

(₹ Millions)

| | Non-current | | Current | |
|---|---|---|---|---|
| | **Mar-19** | **Mar-18** | **Mar-19** | **Mar-18** |
| Deposits - unsecured and considered good | | | | |
| - to related parties | 36 | 37 | 517 | 526 |
| - to others (Refer note 47) | 253 | 268 | 7,041 | 188 |
| Unbilled revenue | - | - | 709 | 386 |
| Interest accrued | - | - | 28 | 40 |
| Other receivables - Related parties | - | - | 1,524 | 941 |
| - Others | - | - | 25 | 70 |
| **Total** | **289** | **305** | **9,844** | **2,151** |

## 10. DEFERRED TAX (LIABILITIES) / ASSETS (NET)

The components of deferred tax balances are as under:

(₹ Millions)

| | **Mar-19** | **Mar-18** |
|---|---|---|
| **Deferred tax assets** | | |
| Employee retirement benefits obligation | 456 | 285 |
| Depreciation and amortisation | 54 | - |
| Allowance for doubtful debts and advances | 375 | 396 |
| Disallowances under section 40(a) | 94 | 399 |
| | **979** | **1,080** |
| **Deferred tax liabilities** | | |
| Depreciation and amortisation | - | 5 |
| Tax on preference shares redemption | 2,456 | 3,284 |
| **Deferred tax liabilities (net)** | **(1,477)** | **(2,209)** |

## 11. OTHER ASSETS

(₹ Millions)

| | Non-current | | Current | |
|---|---|---|---|---|
| | **Mar-19** | **Mar-18** | **Mar-19** | **Mar-18** |
| Capital advances (unsecured) | 119 | 106 | - | - |
| **Other loans and advances (unsecured)** | | | | |
| Other advances (unsecured) | | | | |
| - Considered good | | | | |
| to related parties | 27 | 39 | 45 | 104 |
| others (Refer note 47) | - | - | 7,762 | 4,045 |
| - Considered doubtful | - | - | 206 | 263 |
| | **27** | **39** | **8,013** | **4,412** |
| Less: Allowance for doubtful advances | - | - | 206 | 263 |
| | **27** | **39** | **7,807** | **4,149** |
| Prepaid expenses | 22 | 28 | 241 | 89 |
| | | | | |
| Balance with Government authorities | - | - | 611 | 508 |
| **Total** | **168** | **173** | **8,659** | **4,746** |

# NOTES

**FORMING PART OF THE FINANCIAL STATEMENTS**

## 12. INVENTORIES
### (VALUED AT LOWER OF COST / UNAORTISED COST OR REALISABLE VALUE)

(₹ Millions)

| | Mar-19 | Mar-18 |
|---|---|---|
| Raw tapes | 10 | 9 |
| Media content * | 32,534 | 21,748 |
| Under production - Media content | 20 | 43 |
| **Total** | **32,564** | **21,800** |

*Includes rights ₹ 4,756 Miilions (₹ 3,607 Millions), which will commence at a future date.
Inventories expected to be recovered post 12 months is 69% (69%).

## 13. CURRENT INVESTMENTS

(₹ Millions)

| | | Mar-19 | Mar-18 |
|---|---|---|---|
| a | **Investment at amortised cost** | | |
| | **Investment in redeemable debentures - unquoted** | | |
| | Nil (12,500) 17% secured redeemable unrated non-convertible subordinate debentures of ₹ 100,000/- each of SGGD Projects Development Private Limited | - | 1,725 |
| | **Others:** | | |
| | **Certificate of deposit (non-transferable) - unquoted** | | |
| | 7.10% (7.10%) Housing Development Finance Corporation Ltd. (Tenure - 6 months) | 1,516 | 1,500 |
| | 7.10% (7.10%) Housing Development Finance Corporation Ltd. (Tenure - 6 months) | 503 | 500 |
| | 7.55% (Nil) Housing Development Finance Corporation Ltd. (Tenure - 1 year) | 500 | - |
| | | **2,519** | **3,725** |
| b | **Investments carried at fair value through profit and loss** | | |
| | **Mutual funds - quoted** | | |
| | Nil (3,610,705) Units of ₹ 100/- each of Aditya Birla Sun Life Cash Plus- Growth | - | 1,005 |
| | Nil (791,763) Units of ₹ 1,000/- each of Essel Liquid Fund- Growth | - | 1,515 |
| | Nil (211,533) Units of ₹ 1,000/- each of Invesco India Liquid Fund- Growth | - | 506 |
| | Nil (515,751) Units of ₹ 1,000/- each of UTI Money Market Fund- Growth | - | 1,006 |
| | | **-** | **4,032** |
| | **Total (A+B)** | **2,519** | **7,757** |
| | (All the above securities are fully paid-up) | | |
| | Aggregate amount and market value of quoted investments | - | 4,032 |
| | Aggregate carrying value of unquoted investments | 2,519 | 3,725 |

## 14. TRADE RECEIVABLES (UNSECURED)

(₹ Millions)

| | Mar-19 | Mar-18 |
|---|---|---|
| Considered good | 16,595 | 12,853 |
| Considered doubtful | 866 | 870 |
| | **17,461** | **13,723** |
| Less: Allowance for doubtful debts | 866 | 870 |
| **Total** | **16,595** | **12,853** |

For transactions relating to related party receivables, refer note 48.

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

### 15. CASH AND BANK BALANCES

(₹ Millions)

| | | Mar-19 | Mar-18 |
|---|---|---|---|
| a | **Cash and cash equivalents** | | |
| | Balances with banks | | |
| | In current accounts | 2,052 | 1,122 |
| | In deposit accounts | 5,000 | 2,684 |
| | Cheques in hand | 1,532 | 1,200 |
| | Cash in hand | 1 | 1 |
| | **Total** | **8,585** | **5,007** |
| | | | |
| b | **Other bank balances** | | |
| | In deposit accounts | 73 | 6,749 |
| | In unclaimed dividend accounts | | |
| | Preference shares | 16 | 4 |
| | Equity shares | 20 | 19 |
| | | **109** | **6,772** |
| | **Total** | **8,694** | **11,779** |

### 16. EQUITY SHARE CAPITAL

(₹ Millions)

| | Mar-19 | Mar-18 |
|---|---|---|
| Authorised* | | |
| 2,000,000,000 (2,000,000,000) Equity Shares of ₹ 1 each | 2,000 | 2,000 |
| | **2,000** | **2,000** |
| Issued, subscribed and paid-up | | |
| 960,466,500 (960,453,620) Equity Shares of ₹ 1/- each fully paid-up | 960 | 960 |
| **Total** | **960** | **960** |

* Authorised capital of 2,100,000,000 (2,100,000,000) redeemable preference shares of ₹ 10/- (₹ 10/-) each is not considered above. Redeemable preference shares issued have been considered as borrowings in accordance with the requirement of Ind AS. (Refer note 18)

#### a) Reconciliation of number of Equity shares and Share capital

(₹ Millions)

| | Mar-19 | | Mar-18 | |
|---|---|---|---|---|
| | Number of Equity Shares | ₹ Millions | Number of Equity Shares | ₹ Millions |
| At the beginning of the year | 960,453,620 | 960 | 960,448,720 | 960 |
| Add: Issued during the year | 12,880 | 0 | 4,900 | 0 |
| **Outstanding at the end of the year** | **960,466,500** | **960** | **960,453,620** | **960** |

#### b) Terms / rights attached to equity shares

The Company has only one class of Equity Shares having a par value of ₹ 1 each. Each holder of Equity Shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The final dividend 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.

# NOTES
## FORMING PART OF THE FINANCIAL STATEMENTS

### c) Details of aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during five years preceding 31 March 2019.

| | Mar-19 | Mar-18 |
|---|---|---|
| Equity Shares bought back and cancelled | - | 4,812,357 |

### d) Details of Equity Shareholders holding more than 5 % of the aggregate Equity Shares

| | Mar-19 | | Mar-18 | |
|---|---|---|---|---|
| | Number of Equity Shares | % Shareholding | Number of Equity Shares | % Shareholding |
| Cyquator Media Services Private Limited | 219,024,694 | 22.80% | 241,412,908 | 25.14% |
| Essel Media Ventures Limited | 102,888,286 | 10.71% | 102,888,286 | 10.71% |
| Oppenheimer Developing Markets Fund | 68,644,603 | 7.15% | 65,300,739 | 6.80% |

As per the records of the Company, including its register of shareholders / members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

### e) Employees Stock Option Scheme (ESOP)

The Company has instituted an Employee Stock Option Plan (ESOP 2009) as approved by the Board of Directors and Shareholders of the Company in 2009 for issuance of stock options convertible into Equity Shares not exceeding in the aggregate 5% of the issued and paid-up capital of the Company as at 31 March 2009 i.e. up to 21,700,355 Equity Shares of ₹ 1 each (enhanced to 43,400,710 Equity Shares in view of Bonus issue in 2010 in ratio of 1:1), to the employees of the Company as well as that of its subsidiaries. The said ESOP 2009 was amended during the previous year to align the Scheme in line with the requirements of Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations 2014 and provide flexibility to the Nomination and Remuneration Committee for determination of exercise price. The said scheme is administered by the Nomination and Remuneration Committee of the Board.

During the year, the Nomination and Remuneration Committee of the Board granted 17,300 stock options convertible at ₹ 1/- each to an employee of the Company. The options granted under the above Scheme, shall vest in the ratio 50%:35%:15% at the end of year 1, 2 and 3 respectively. These options would be exercisable at any time within a period of four years from each vesting date and the Equity Shares arising on exercise of options shall not be subject to any lock in.

The movement in options is as follows:

| Particulars | Number of Options |
|---|---|
| Opening at beginning of the year | 23,800 |
| Grant during the year | 17,300 |
| Exercised during the year | (12,880) |
| Outstanding at the end of the year | 28,220 |

During the year, the Company recorded an employee stock compensation expense of ₹ 12 Millions (₹ 6 Millions) in the statement of profit and loss.

The market price at the date of grant was ₹ 580/- (₹ 529/-) per share.

The fair value of each equity settled share based payment is estimated on the date of grant using the Black-Scholes-Merton model with the following assumptions:

| Assumptions | Year 1 | Year 2 | Year 3 |
|---|---|---|---|
| Exercise price of the option | ₹ 1 | ₹ 1 | ₹ 1 |
| Expected term of the option (in years) | 1 | 2 | 3 |
| Expected volatility of the underlying share for the expected term of the option | 22% | 20% | 16% |
| Expected dividend yield on the underlying share for the expected term of the option | 2.90 | 2.90 | 2.90 |
| Risk-free interest rate for the expected term of the award | 6-7% | 6-7% | 6-7% |

The share options outstanding at the end of the year had a weighted average remaining contractual life of 176 days.

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

### 17. OTHER EQUITY

(₹ Millions)

| | Mar-19 | Mar-18 |
|---|---|---|
| **Reserves and surplus** | | |
| **Capital redemption reserve** | | |
| As per last Balance Sheet | 4,056 | 22 |
| Add: Transfer from retained earnings | 4,073 | 4,034 |
| | **8,129** | **4,056** |
| **Capital reserve on scheme of amalgamation** | | |
| As per last Balance Sheet | 787 | (458) |
| Add: On account of amalgamation | - | 1,245 |
| | **787** | **787** |
| **Capital reserve** | | |
| As per last Balance Sheet | **340** | **340** |
| | | |
| **Share based payment reserve** | | |
| As per last Balance Sheet | 8 | 2 |
| Add: Options granted during the year | 12 | 6 |
| | **20** | **8** |
| **General reserve** | | |
| As per last Balance Sheet | **3,996** | **3,996** |
| | | |
| **Retained earnings** | | |
| As per last Balance Sheet | 47,613 | 38,178 |
| Add : Profit for the year | 16,550 | 19,119 |
| Less: Transfer to capital redemption reserve | (4,073) | (4,034) |
| (Less) / Add: Re-measurement (loss) / gains on defined benefit plans | (104) | 50 |
| Add / (Less): Income tax impact thereon | 36 | (15) |
| Less: Deferred tax liability on redemption of preference shares | - | (3,284) |
| Add: Reversal of deferred tax liability on redemption of preference shares | 828 | - |
| Less: Dividend distribution tax on redemption of preference shares | (828) | - |
| Less: Payment of dividend on Equity Shares | (2,785) | (2,401) |
| Less: Tax on dividend on Equity Shares | (573) | - |
| | **56,664** | **47,613** |
| **Other comprehensive income** | | |
| As per last Balance Sheet | 437 | 431 |
| Add: (Loss) / Gain on fair value of financial assets through other comprehensive income | (19) | 6 |
| | **418** | **437** |
| **Total** | **70,354** | **57,237** |

i) Capital redemption reserve is created on redemption of redeemable preference shares issued.

ii) Share based payment reserve is related to share options granted by the Company to its employee under its employee share option plan.

iii) General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

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

v) Other comprehensive income includes reserves for equity instruments through other comprehensive income i.e. cumulative gains and losses arising on the measurement of equity instruments at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

### 18. LONG-TERM BORROWINGS

(₹ Millions)

| | | Mar-19 | Mar-18 |
|---|---|---|---|
| a | **Redeemable preference shares - Unsecured, at fair value through profit and loss** | | |
| | 2,016,942,312 (2,016,942,312) 6% cumulative redeemable non-convertible preference shares of ₹ 6/- (₹ 8/-) each fully paid-up - Quoted | 11,113 | 15,206 |
| | Less: Amount disclosed under the head 'Other financial liabilities' (Refer note 20) | 3,704 | 3,802 |
| | | **7,409** | **11,404** |
| b | **Nil (3,949,105) 6% Series B Cumulative Redeemable Non-Convertible Preference shares of ₹ 10/- each fully paid up - Unsecured, at amortised cost** | **-** | **39** |
| | | **7,409** | **11,443** |
| c | **Vehicle loans from bank, at amortised cost *** | 28 | 17 |
| | Less: Amount disclosed under the head 'Other financial liabilities' (Refer note 20) | 11 | 8 |
| | | **17** | **9** |
| | **Total (a+b+c)** | **7,426** | **11,452** |

* Secured against hypothecation of vehicles. The aforesaid borrowings carry interest rates ranging from 8.37% p.a. - 10.72% p.a. and are repayable upto March 2023.

**Terms / rights attached to preference shares**

i) **6% Cumulative redeemable non-convertible preference shares - quoted**

During the year ended 31 March 2014, the Company had issued 20,169,423,120 6% Cumulative redeemable non-convertible preference shares of ₹ 1/- each (consolidated to face value of ₹ 10/- each in 2017) by way of bonus in the ratio of 21 bonus preference shares of ₹ 1/- each fully paid up for every one Equity Share of ₹ 1/- each fully paid up and are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in India. During the year ended 31 March 2017, 6% Cumulative redeemable non-convertible preference shares of ₹ 1/- each has been converted to 6% Cumulative redeemable non-convertible preference shares of ₹ 10/- each.

The Company redeems at par value, 20% of the total bonus preference shares allotted, every year from the fourth anniversary of the date of allotment. The Company has an option to buy back the bonus preference shares fully or in parts at an earlier date(s) as may be decided by the Board. Further, if on any anniversary of the date of allotment beginning from the fourth anniversary, the total number of bonus preference shares bought back and redeemed cumulatively is in excess of the cumulative bonus preference shares required to be redeemed till the said anniversary, then there will be no redemption on that anniversary. At the 8th anniversary of the date of allotment, all the remaining and outstanding Bonus preference shares shall be redeemed by the Company.

The holders of bonus preference shares shall have a right to vote only on resolutions which directly affect their rights. The holders of bonus preference shares shall also have a right to vote on every resolution placed before the Company at any meeting of the equity shareholders if dividend or any part of the dividend has remained unpaid on the said bonus preference shares for an aggregate period of atleast two years preceeding the date of the meeting.

During the year, the Company redeemed 20% (₹ 2/- each) of the Nominal Value of 2,016,942,312 bonus preference shares of ₹ 10/- each (par value) consequent to which the face value of these preference shares stand revised to ₹ 6/- each.

ii) **6% Series B cumulative redeemable non-convertible preference shares - unquoted**

During the previous year, the Company had issued and allotted 3,949,105 6% series B cumulative redeemable non-convertible unlisted preference shares of ₹ 10/- each towards acquisition of the general entertainment television broadcasting undertakings.

These preference shares are redeemed at par in the current year.

### 19. PROVISIONS

(₹ Millions)

| | Non Current | | Current | |
|---|---|---|---|---|
| | **Mar-19** | **Mar-18** | **Mar-19** | **Mar-18** |
| Provision for employee benefits | | | | |
| - Gratuity | 775 | 389 | 21 | 15 |
| - Compensated absences | 474 | 382 | 35 | 31 |
| - Super annuation | - | 1 | - | - |
| **Total** | **1249** | **772** | **56** | **46** |

# NOTES

**FORMING PART OF THE FINANCIAL STATEMENTS**

## 20. OTHER FINANCIAL LIABILITIES - CURRENT

(₹ Millions)

| | Mar-19 | Mar-18 |
|---|---|---|
| Current maturities of long-term borrowings - Redeemable preference shares (Refer note 18a) | **3,704** | **3,802** |
| Current maturities of long-term borrowings - vehicle loan from banks (Refer note 18c) | 11 | 8 |
| Deposits received | 5,437 | 121 |
| Unclaimed dividends | 20 | 19 |
| Unclaimed preference shares redemption | 16 | 4 |
| Creditors for capital expenditure | 140 | 70 |
| Employee benefits payable | 1,039 | 522 |
| Dividend payable on redeemable preference shares and tax thereon | 876 | 1,104 |
| Temporary overdrawn balances | 148 | 12 |
| Other payables | 11 | 275 |
| | **7,698** | **2,135** |
| **Total** | **11,402** | **5,937** |

For transactions relating to related party payables refer note 48.

* During the year, the Company has received interest free business deposit aggregating ₹ 5,000 Millions from customers which are callable after 11 months/ adjustable against digital content/ subscription.

Dividend ₹ 2 Millions (₹ 2 Millions) unclaimed for a period of more than seven years is transferred to Investor's Education and Protection Fund during the year. Further, there are no amounts due and outstanding to be credited to Investor's Education and Protection Fund as at 31 March 2019.

## 21. OTHER CURRENT LIABILITIES

(₹ Millions)

| | Mar-19 | Mar-18 |
|---|---|---|
| Advances received from customers | 219 | 692 |
| Statutory dues payable | 448 | 383 |
| **Total** | **667** | **1,075** |

For transactions relating to related party payables refer note 48.

## 22. REVENUE FROM OPERATIONS

(₹ Millions)

| | Mar-19 | Mar-18 |
|---|---|---|
| Services - Broadcasting revenue | | |
| Advertisement | 46,902 | 38,640 |
| Subscription | 18,100 | 15,410 |
| - Sales of media content | 2,545 | 2,612 |
| - Commission | 536 | 804 |
| - Transmission revenue | 431 | 420 |
| Other operating revenue | 65 | 70 |
| **Total** | **68,579** | **57,956** |

# NOTES
## FORMING PART OF THE FINANCIAL STATEMENTS

### 23. OTHER INCOME

(₹ Millions)

| | Mar-19 | Mar-18 |
|---|---|---|
| Interest income | | |
| - Bank deposits | 371 | 333 |
| - Other financial assets | 336 | 849 |
| - Others | 175 | 181 |
| Dividend income | | |
| - Subsidiaries | - | 7,816 |
| - Investments classified as fair value through other comprehensive income | 4 | 4 |
| - Investments classified as fair value through profit and loss | 2 | 191 |
| Gain on sale of investments classified as fair value through profit and loss | 268 | - |
| Foreign exchange gain (net) | 35 | 74 |
| Liabilities and excess provision written back | 110 | 7 |
| Rent income | 345 | 296 |
| Miscellaneous income | 248 | 67 |
| **Total** | **1,894** | **9,818** |

### 24. OPERATIONAL COST

(₹ Millions)

| | Mar-19 | Mar-18 |
|---|---|---|
| **a) Media content** | | |
| Opening inventory | 21,791 | 15,933 |
| Add: Purchase of inventory | 28,844 | 22,408 |
| Less: Closing inventory | 32,554 | 21,791 |
| Amortisation of inventory # | 18,081 | 16,550 |
| Other production expenses | 4,535 | 4,341 |
| | **22,616** | **20,891** |
| **b) Telecast and technical cost** | **1,390** | **1,036** |
| **Total (a+b)** | **24,006** | **21,927** |

# Media content of ₹ 1,122 Millions (₹ 1,225 Millions) are written down during the year as the estimated net realisable value was lower than cost.

### 25. EMPLOYEE BENEFITS EXPENSE

(₹ Millions)

| | Mar-19 | Mar-18 |
|---|---|---|
| Salaries and allowances | 5,056 | 4,454 |
| Share based payment expense | 12 | 6 |
| Contribution to provident and other funds | 257 | 243 |
| Staff welfare expenses | 94 | 78 |
| **Total** | **5,419** | **4,781** |

### 26. FINANCE COSTS

(₹ Millions)

| | Mar-19 | Mar-18 |
|---|---|---|
| Interest on - Vehicle loans | 2 | 2 |
| - Others | 131 | 92 |
| Dividend on redeemable preference shares | 1,149 | 1,328 |
| Other financial charges | 2 | 4 |
| **Total** | **1,284** | **1,426** |

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

## 27. DEPRECIATION AND AMORTISATION EXPENSE

(₹ Millions)

| | Mar-19 | Mar-18 |
|---|---|---|
| Depreciation on property, plant and equipment | 965 | 849 |
| Depreciation on investment properties | 15 | 3 |
| Amortisation of intangible assets | 609 | 546 |
| **Total** | **1,589** | **1,398** |

## 28. FAIR VALUE (GAIN) / LOSS ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

(₹ Millions)

| | Mar-19 | Mar-18 |
|---|---|---|
| Fair value (gain) / loss on financial assets (net) | (10) | 16 |
| Fair value (gain) / loss on financial liabilities (net) | (58) | 164 |
| **Total** | **(68)** | **180** |

## 29. OTHER EXPENSES

(₹ Millions)

| | | Mar-19 | Mar-18 |
|---|---|---|---|
| Rent | | 660 | 758 |
| Repairs and maintenance | | | |
| - Buildings | | 25 | 11 |
| - Plant and machinery | | 100 | 116 |
| - Others | | 221 | 114 |
| Insurance | | 30 | 14 |
| Rates and taxes | | 63 | 61 |
| Electricity and water charges | | 160 | 158 |
| Communication charges | | 124 | 115 |
| Printing and stationery | | 74 | 22 |
| Travelling and conveyance expenses | | 632 | 627 |
| Legal and professional charges | | 480 | 592 |
| Directors remuneration and sitting fees | | 23 | 22 |
| Deferred consideration | | - | 49 |
| Payment to auditors (Refer note 35) | | 12 | 13 |
| Corporate Social Responsibility expenses (Refer note 42) | | 227 | 71 |
| Donations | | - | 3 |
| Hire and service charges | | 1,309 | 889 |
| Commission expenses | | 30 | 35 |
| Advertisement and publicity expenses | | 5,822 | 4,473 |
| Marketing, distribution and promotion expenses | | 1,494 | 1,892 |
| Conference expenses | | 166 | 271 |
| Allowances for doubtful debts and advances | | 130 | 356 |
| Bad debts and advances written off | 197 | | |
| Less: Provisions for doubtful debts adjusted | (193) | 4 | 2 |
| Loss on sale of investments classified as fair value through profit and loss | | 15 | 8 |
| Loss on sale of investments classified as amortised cost (pertains to reversal of interest accrued) | | 216 | - |
| Loss on sale / write off of property, plant and equipment and investments (net) | | 14 | 49 |
| Miscellaneous expenses | | 38 | 30 |
| **Total** | | **12,069** | **10,751** |

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

### 30. TAX EXPENSE

The major components of income tax for the year are as under: (₹ Millions)

| | Mar-19 | Mar-18 |
|---|---|---|
| Income tax related to items recognised directly in the statement of profit and loss | | |
| Current tax - current year | 9,482 | 8,645 |
| - earlier years | (209) | (9) |
| Deferred tax charge / (benefit) | 133 | (444) |
| **Total** | **9,406** | **8,192** |
| **Effective tax rate** | **36%** | **30%** |

A reconciliation of income tax expense applicable to profit before income tax at statutory rate to the income tax expense at Company's effective income tax rate for the year ended 31 March 2019 and 31 March 2018 is as follows:

| | Mar-19 | Mar-18 |
|---|---|---|
| **Profit before tax** | **25,956** | **27,311** |
| **Income tax** | | |
| Statutory income tax rate of 34.944% (34.608%) on profit | 9,070 | 9,452 |
| Tax effect on non-deductible expenses | 663 | 654 |
| Additional allowances for tax purposes | (14) | (24) |
| Effect of exempt income and income taxed at lower rates | (103) | (1,433) |
| Tax credit availed | - | (450) |
| Effect of change in tax rate | - | 2 |
| Tax effect for earlier years | (209) | (9) |
| **Tax expense recognised in the statement of profit and loss** | **9,406** | **8,192** |

**Deferred tax recognised in statement of other comprehensive income** (₹ Millions)

| **For the year ended** | Mar-19 | Mar-18 |
|---|---|---|
| Defined benefit obligation | (36) | 15 |

The applicable tax rate is the standard effective corporate income tax rate in India. The tax rate is 34.944% (34.608%) for the year ended 31 March 2019. Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so.

The Company does not have any temporary differences in respect of unutilized tax losses.

**Deferred tax recognised as on 31 March 2019** (₹ Millions)

| Deferred Tax (liabilities)/ Assets in relation to: | Opening Balance | Recognised in statment of profit and loss | Recognised in other comprehensive income | Recognised directly in equity | Closing balance |
|---|---|---|---|---|---|
| Defined benefit obligation | 285 | 135 | 36 | - | 456 |
| Depreciation and amortisation | (5) | 59 | - | - | 54 |
| Allowance for doubtful debts and advances | 396 | (21) | - | - | 375 |
| Disallowances under section 40 (a) | 399 | (305) | - | - | 94 |
| Dividend distribution tax liability on redemption of preference shares | (3,284) | - | - | 828 | (2,456) |
| **Total** | **(2,209)** | **(133)** | **36** | **828** | **(1,477)** |

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

**Deferred tax recognised as on 31 March 2018**

(₹ Millions)

| Deferred Tax (liabilities)/ Assets in relation to: | Opening Balance | Recognised in statment of profit and loss | Recognised in other comprehensive income | Recognised directly in equity | Closing balance |
|---|---|---|---|---|---|
| Defined benefit obligation | 243 | 57 | (15) | - | 285 |
| Depreciation and amortisation | 38 | (43) | - | - | (5) |
| Allowance for doubtful debts and advances | 236 | 161 | - | - | 396 |
| Unutilized tax credits on account of acquisition and amalgamation | 114 | (114) | - | - | - |
| Disallowances under section 40 (a) | 17 | 382 | - | - | 399 |
| Dividend distribution tax liability on redemption of preference shares | - | - | - | (3,284) | (3,284) |
| **Total** | **648** | **444** | **(15)** | **(3,284)** | **(2,209)** |

## 31. LEASES

**Operating leases:**

a)The Company as a lessee:

i) The Company has taken office, residential premises, aircraft and plant and machinery (including equipments) etc. under cancellable / non-cancellable lease agreements that are renewable on a periodic basis at the option of both the Lessor and the Lessee. The initial tenure of the lease is generally ranging from 6 months to 120 months.

(₹ Millions)

| | Mar-19 | Mar-18 |
|---|---|---|
| Lease rental charges for the year | 1,668 | 1,963 |
| **Future Lease rental obligation payable (under non-cancellable lease)** | | |
| Not later than one year | 1,318 | 1,124 |
| Later than one year but not later than five years | 360 | 667 |
| Later than five years | - | 10 |

b) The Company as a lessor:

i) The Company has given part of its investment property under cancellable operating lease agreement. The initial term of the lease is for 12 months. The lease rental revenue for the year is ₹ 345 Millions (₹ 276 Millions).

ii) The Company has also sub-leased part of leased office premises with certain fixed assets under non-cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and lessee. The initial tenure of the lease is generally upto 24 months.

(₹ Millions)

| | Mar-19 | Mar-18 |
|---|---|---|
| Sub lease rent income | 117 | 91 |
| **Future sub lease rental obligation receivable (under non-cancellable lease)** | | |
| Not later than one year | 68 | 87 |

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS

## 32. A) CONTINGENT LIABILITIES

(₹ Millions)

| | | Mar-19 | Mar-18 |
|---|---|---|---|
| i) | Corporate guarantees | | |
| | -For other related parties ^^ | 1,137 | 1,037 |
| ii) | Disputed Indirect Taxes | 557 | 507 |
| iii) | Disputed Direct Taxes * | 851 | 2,593 |
| iv) | Claims against the Company not acknowledged as debts # | 431 | 641 |
| v) | Legal cases against the Company @ | Not ascertainable | Not ascertainable |

^^ Includes commitment for meeting shortfall funding towards revolving Debt Service Reserve Account (DSRA) obligation against financial facilities availed by the borrowers.

* Income tax demands mainly include appeals filed by the Company before various appellate authorities (including Dispute Resolution Panel) against the disallowance of expenses / claims, non-deduction / short deduction of tax at source, transfer pricing adjustments etc. The management is of the opinion that its tax cases are likely to be decided in its favour and hence no provision is considered necessary.

# The amount represents the best possible estimate arrived at on the basis of available information. The Company has engaged reputed advocates to protect its interests and has been advised that it has strong legal positions against such disputes.

@ The Company has received legal notices of claims / lawsuits filed against it relating to infringement of copyrights, defamation suits etc. in relation to the programs produced / other matters. In the opinion of the management, no material liability is likely to arise on account of such claims / law suits.

**B)** The Company has preferred a legal case against The Board of Control for Cricket in India (BCCI) for premature termination of media rights contract for telecast of cricket matches between India and other Countries in neutral territories outside India. The Hon'ble Arbitration Tribunal in November 2012 has passed an Arbitral award of ₹ 1,236 Millions (plus interest) in favour of the Company. BCCI has filed a petition before the Hon'ble High Court of Judicature at Madras challenging the Tribunal Award. The Company has also filed an execution petition in April 2018. Accordingly, pending final outcome income has not been given in these financial statements. During the year, Company has received ₹ 300 Millions which is accounted as deposits received in other financial liabilities.

## 33. CAPITAL AND OTHER COMMITMENTS

a) Estimated amount of contracts remaining to be executed for capital expenditure not provided for (net of advances) is ₹ 301 Millions (₹ 113 Millions).

b) Other commitments as regards media content and others (net of advances) are ₹ 8,333 Millions (₹ 2,778 Millions).

c) Uncalled liability / contractual obligation on investments committed is ₹ 55 Millions (₹ 65 Millions).

d) The Company has committed to provide continued financial support to various subsidiaries - amount not ascertainable.

## 34. MANAGERIAL REMUNERATION

Remuneration paid or provided in accordance with Section 197 of the Companies Act, 2013 to Managing Director included in Note 25 'Employee benefits expense' is as under :

(₹ Millions)

| | Managing Director | |
|---|---|---|
| | Mar-19 | Mar-18 |
| Salary and allowances * | 78 | 99 |
| Contribution to provident fund | 5 | 5 |

* Salary and Allowances include basic salary, house rent allowance, leave travel allowance and performance bonus but excluding leave encashment and gratuity provided on the basis of actuarial valuation.

## 35. PAYMENT TO AUDITORS

(₹ Millions)

| | Mar-19 | Mar-18 |
|---|---|---|
| Audit fees | 9 | 9 |
| Certification | 2 | 3 |
| Other services (₹ 500,000/- ₹ 500,000/-) | 1 | 1 |
| Reimbursement of expenses (₹ 435,976/- ₹ 148,479/-) | 0 | 0 |
| **Total** | **12** | **13** |

# NOTES

**FORMING PART OF THE FINANCIAL STATEMENTS**

## 36. INFORMATION UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013

### a) Loans given

**During the year ended 31 March 2019**

(₹ Millions)

| | Mar-18 | Given | Repaid | Mar-19 |
|---|---|---|---|---|
| In the form of unsecured short-term inter corporate deposits (excluding roll over) # | 1,706 | 163 ^ | 85 * | 1,784 |

**During the year ended 31 March 2018**

(₹ Millions)

| | Mar-17 | Given | Repaid | Mar-18 |
|---|---|---|---|---|
| In the form of unsecured short-term inter corporate deposits (excluding roll over) # | 1,542 | 224 ^ | 60 * | 1,706 |

^ Represents interest receivable.

* Represents interest received.

# Inter Corporate Deposits are given as a part of treasury operations of the Company on following terms:

i) Loans given to related corporate entities at an average interest rate of 11% p.a.

ii) All the loans are short term in nature.

iii) All the loans are provided for business purposes.

### b) Investments made

There are no investments by the Company other than those stated under Note 8 and Note 13 in the Financial Statements.

### c) Guarantees given

(₹ Millions)

| | Mar-19 | Mar-18 |
|---|---|---|
| Performance guarantees | | |
| To Banks to secure obligations of other related parties: | | |
| - Guarantees | 170 | 170 |
| - Commitment for meeting shortfall funding towards revolving Debt Service Reserve Account (DSRA) obligation against financial facilities availed by the borrowers | 967 | 867 |

### d) Securities provided

There are no securities provided during the year.

**37.** Operational cost, employee benefits expense and other expenses are net off recoveries ₹ 665 Millions (₹ 664 Millions).

**38.** The financial statements of the Company for the year ended 31 March 2019, were reviewed by the Audit Committee and approved for issue by the Board of Directors at their meetings held on 27 May 2019.

# NOTES

**FORMING PART OF THE FINANCIAL STATEMENTS**

## 39. DISCLOSURE REQUIRED UNDER SECTION 22 OF MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006.

As at 31 March 2019, there are outstanding dues of ₹ 10 Millions (₹ Nil) to Micro, Small and Medium enterprises (including ₹ 0 Million (₹ Nil) towards micro and small enterprises). There is no interest due or outstanding on the same. During the year ended 31 March 2019, an amount of ₹ 62 Millions (₹ Nil) was paid beyond the appointed day as defined in the Micro, Small and Medium Enterprises Development Act, 2006.

'0' (zero) denotes amounts less than a million.

**40.** During the year, the Company has made political contribution of ₹ Nil (₹ Nil).

## 41. EARNINGS PER SHARE (EPS)

(₹ Millions)

| | | Mar-19 | Mar-18 |
|---|---|---|---|
| a | Profit after Tax (₹ Millions) | 16,550 | 19,119 |
| b | Weighted average number of Equity Shares for basic EPS (in numbers) | 960,464,265 | 960,450,559 |
| c | Nominal value of Equity Shares (₹) | 1 | 1 |
| d | Basic EPS (₹) | 17.23 | 19.91 |
| e | Weighted average number of Equity Shares for diluted EPS (in numbers) | 960,494,595 | 960,477,265 |
| f | Nominal value of Equity Shares (₹) | 1 | 1 |
| g | Diluted EPS (₹) | 17.23 | 19.91 |

## 42. CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the current year, the Company has spent ₹ 227 Millions (₹ 71 Millions) on various schemes of Corporate Social Responsibility (CSR) Projects as prescribed in Schedule VII of the Companies Act, 2013. The prescribed CSR expenditure required to be spent in the current year as per the Companies Act, 2013 was ₹ 397 Millions.

## 43. SEGMENT INFORMATION

The Company has presented segment information on the basis of the consolidated financial statements as permitted by Ind AS 108 - Operating Segments.

## 44. DIVIDEND

Dividend on Equity Shares is approved by the Board of Directors in their meeting held on 27 May 2019, and is subject to approval of shareholders at the annual general meeting and hence not recognised as a liability (including dividend distribution tax thereon). Appropriation of dividend is done in the financial statements subsequent to approval by the shareholders. Final dividend on Equity Shares for the current year is ₹ 3.5/- per share (₹ 2.9/- per share) which aggregates to ₹ 3,362 Millions (₹ 2,785 Millions).

## 45. FINANCIAL INSTRUMENTS

**A) 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 stake holders through optimisation of debt and equity balance. The Company is not subject to any externally imposed capital requirements. The Company's risk management committee reviews the capital structure of the Company.

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

**B) Categories of financial instruments and fair value thereof**

(₹ Millions)

| | Mar-19 | | Mar-18 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| **a) Financial assets** | | | | |
| **i) Measured at amortised cost** | | | | |
| Trade receivables | 16,595 | 16,595 | 12,853 | 12,853 |
| Cash and cash equivalents | 8,585 | 8,585 | 5,007 | 5,007 |
| Other bank balances | 109 | 109 | 6,772 | 6,772 |
| Loans | 1,784 | 1,784 | 1,706 | 1,706 |
| Other financial assets | 10,133 | 10,133 | 2,456 | 2,456 |
| Optionally convertible debentures | 180 | 180 | 263 | 263 |
| Redeemable non-convertible debentures | 174 | 174 | 169 | 169 |
| Redeemable non-convertible subordinate debentures | - | - | 1,725 | 1,725 |
| Certificate of deposits | 2,519 | 2,519 | 2,000 | 2,000 |
| | **40,080** | **40,080** | **32,951** | **32,951** |
| **ii) Measured at fair value through profit and loss account** | | | | |
| **Investments** | | | | |
| Optionally convertible debentures | 5,904 | 5,904 | 4,409 | 4,409 |
| Compulsorily convertible preference shares | 102 | 102 | 184 | 184 |
| Morpheus Media Fund | 165 | 165 | 323 | 323 |
| Exfinity Technology Fund-Series II | 30 | 30 | 27 | 27 |
| Mutual fund | - | - | 4,032 | 4,032 |
| **iii) Measured at fair value through other comprehensive income** | | | | |
| Equity shares | 429 | 429 | 438 | 438 |
| | | | | |
| **b) Financial liabilities** | | | | |
| **i) Measured at amortised cost** | | | | |
| Trade payables | 13,028 | 13,028 | 9,769 | 9,769 |
| Other financial liabilities | 7,687 | 7,687 | 2,127 | 2,127 |
| Vehicle loans * | 28 | 28 | 17 | 17 |
| **ii) Fair value through Profit and Loss** | | | | |
| 6% Cumulative redeemable non-convertible preference shares* | 11,113 | 11,113 | 15,245 | 15,245 |

* Includes current maturities of long term borrowings.

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.

Financial instruments measured at amortised cost.
The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

### C) Fair value measurement

The following table provides the fair value measurment hierarchy of the Company's assets and liabilities.
Quantative disclosures of fair value measurement hierarchy for assets and liabilities as at 31 March 2019.

(₹ Millions)

| | Mar-19 | Mar-18 | Fair Value Hierarchy | Valuation technique(s) & key inputs used |
|---|---|---|---|---|
| **Financial assets at fair value through other comprehensive income** | | | | |
| Investment in Equity Shares | 429 | 438 | Level 1 | Quoted in an active market |
| Investment in Equity Shares | 0 | 0 | Level 3 | Discounted cash flow at a discount rate that reflects the issuer's current borrowing rate at the end of the reporting period and Black - Scholes method. |
| **Financial assets at fair value through profit and loss** | | | | |
| Investment in mutual funds | - | 4,032 | Level 1 | Quoted in an active market |
| Investment in optionally convertible debentures | 5,904 | 4,409 | Level 3 | Discounted cash flow at a discount rate that reflects the issuer's current borrowing rate at the end of the reporting period and Black - Scholes method / NAV statements. |
| Investment in compulsorily convertible preference shares | 102 | 184 | Level 3 | |
| Morpheus media fund | 165 | 323 | Level 3 | |
| Exfinity technology fund-series II | 30 | 27 | Level 3 | |
| **Financial liabilities at fair value through profit and loss** | | | | |
| Quoted 6% cumulative redeemable non-convertible preference shares | 11,113 | 15,206 | Level 1 | Quoted in an active market |
| Unquoted 6% series B cumulative redeemable non-convertible preference shares | - | 39 | Level 2 | Based on quoted share price of Company's listed non-convertible preference shares |

The fair values of the financial assets and financial liabilities included in the level 3 category above have been determined in accordance with generally accepted pricing models which includes discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties.

**Reconciliation of Level 3 category of financial assets:**

(₹ Millions)

| | Mar-19 | Mar-18 |
|---|---|---|
| Opening balance | 4,944 | 2,707 |
| Additions | 1,249 | 2,262 |
| Gains / (loss) recognised | 8 | (25) |
| Closing balance | 6,201 | 4,944 |

### D) Financial risk management objective and policies

The Company's principal financial liabilities comprise loans and borrowings (majorly comprises redeemable preference shares issued by the Company), 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, loans, 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 senior management oversees the management of these risks.

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

**i 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.

**- Foreign currency risk**

The Company undertakes transactions denominated in foreign currencies, consequently exposures to exchange rate fluctuations arise. The management has taken a position not to hedge this currency risk. The carrying amounts of financial assets and financial liabilities the Company denominated in currencies other than its functional currency are as follows:

(₹ Millions)

| Currency | Assets as at | | Liabilities as at | |
|---|---|---|---|---|
| | Mar-19 | Mar-18 | Mar-19 | Mar-18 |
| United States Dollar (USD) | 1,868 | 1,033 | 402 | 89 |
| Euro (EUR) | - | - | 1 | 0 |
| Canadian Dollar(CAD) | - | 1 | - | - |
| Hongkong Dollar (HKD) | - | 0 | - | - |
| Singapore Dollar (SGD) | - | 0 | 1 | - |
| Australian Dollar (AUD) | - | 1 | - | - |
| Great Britain Pound (GBP) | - | 0 | 3 | 4 |

'0' (zero) denotes amounts less than a million.

**Foreign currency sensitivity analysis**

The following table details the Company's sensitivity to a 10% increase and decrease in the Rupees against the relevant foreign currencies. 10% is the sensitivity rate used while reporting foreign currency risk internally to key management personnel and represents Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the Rupee strengthens 10% against the relevant currency. For a 10% weakening of the Rupee against the relevant currency, there would be a comparable impact on the profit and the balance would be negative.

(₹ Millions)

| | Sensitivity analysis | | | |
|---|---|---|---|---|
| | Mar-19 | | Mar-18 | |
| | Decrease by 10% | Increase by 10% | Decrease by 10% | Increase by 10% |
| United States Dollar (USD) | (147) | 147 | (94) | 94 |
| Euro (EUR) | 0 | (0) | 0 | (0) |
| Canadian Dollar(CAD) | - | - | (0) | 0 |
| Hongkong Dollar (HKD) | - | - | (0) | 0 |
| Singapore Dollar (SGD) | 0 | (0) | (0) | 0 |
| Australian Dollar (AUD) | - | - | (0) | 0 |
| Great Britain Pound (GBP) | 0 | (0) | 0 | (0) |

'0' (zero) denotes amounts less than a million.

The Company is mainly exposed to USD currency fluctuation risk.
The Company's sensitivity to foreign currency assets has increase during the current year mainly due to overall increse in assets in foreign currency. The Company's sensitivity to foreign currency liabilities has increase during the current year mainly on account of overall increase in liabilities in foreign currency.

# NOTES
## FORMING PART OF THE FINANCIAL STATEMENTS

**- Interest rate risk**

The borrowings of the Company include redeemable preference shares and vehicle loan which carries fixed coupon rate and consequently the Company is not exposed to interest rate risk.

The Company's investment in debt instruments and loans given by the Company are at fixed interest rates, consequently the Company is not exposed to interest rate risk.

**- Other price risk**

The Company is exposed to equity price risks arising from equity investments. The Company's equity investments are held for strategic rather than trading purposes.

**- Equity price sensitivity analysis**

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period. If the equity prices had been 10% lower / higher :

(₹ Millions)

| | Sensitivity analysis | | | |
|---|---|---|---|---|
| | Mar-19 | | Mar-18 | |
| | Decrease by 10% | Increase by 10% | Decrease by 10% | Increase by 10% |
| Other comprehensive income for the year ended would (decrease) / increase by | (43) | 43 | (44) | 44 |

**ii Credit risk management**

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

The maximum exposure to the credit risk at the reporting date is primarily from investments made, loans given and trade receivables.

In case of trade receivables, the Company does not hold any collateral or other credit enhancements to cover its credit risks. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain.

Trade receivables are non-interest bearing and the average credit period is 45 days. The Company's exposure to customers is diversified and except for two customers, no other customer contributes to more than 10% of outstanding trade receivables and unbilled revenue.

The carrying amount of following financial assets represents the maximum credit exposure:

(₹ Millions)

| | Mar-19 | Mar-18 |
|---|---|---|
| Trade Receivables (Unsecured) | | |
| Over six months | 2,197 | 537 |
| Less than six months | 15,264 | 13,186 |
| **Total** | **17,461** | **13,723** |

(₹ Millions)

| | Mar-19 | Mar-18 |
|---|---|---|
| Movement in allowance for credit loss during the year was as follows : | | |
| Balance at the beginning of the year | 870 | 538 |
| Add: Provided during the year | 187 | 273 |
| Add: Transferred on account of amalgamation | - | 59 |
| Less: Reversal / write off during the year | (191) | - |
| **Balance as at the end of the year** | **866** | **870** |
| **Net trade receivables** | **16,595** | **12,853** |

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

Trade receivable consists of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of the accounts receivable.

Loans given aggregating ₹ 1,784 Millions (including interest) is outstanding and overdue as at 31 March 2019 from related parties. The Company does not consider any credit risk on such loan given. As a promoter company has provided a letter of comfort for repayment of such outstanding loans.

Further, as explained in note 47 to the financial statment, unsecured interest free deposit aggregating ₹ 6,930 Millions are outstanding as at 31 March 2019.

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by credit-rating agencies. The credit risk on mutual funds, commercial paper, non-convertible debentures, certificates of deposit and other debt instruments is limited because the couterparties are generally banks and financial institutions with high credit ratings assigned by credit rating agencies.

**iii 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 generated from operations. The Company consistently generated strong cash flows from operations which together with the available cash and cash equivalents and current investment provides adequate liquidity in short term as well as in the long term. Trade and other payables are non-interest bearing and the average credit term is 45 days

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31 March 2019:

(₹ Millions)

| | Due in 1st year | Due in 2 to 5th year | Due after 5 years | Total | Carrying value |
|---|---|---|---|---|---|
| **Financial liabilities** | | | | | |
| Trade payables and other financial liabilities | 20,715 | - | - | 20,715 | 20,715 |
| Borrowings | 4,045 | 8,085 | - | 12,130 | 11,141 |
| **Total** | **24,760** | **8,085** | **-** | **32,845** | **31,857** |

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31 March 2018:

(₹ Millions)

| | Due in 1st year | Due in 2 to 5th year | Due after 5 years | Total | Carrying value |
|---|---|---|---|---|---|
| **Financial liabilities** | | | | | |
| Trade payables and other financial liabilities | 11,897 | - | - | 11,897 | 11,897 |
| Borrowings | 4,041 | 12,151 | - | 16,192 | 15,262 |
| **Total** | **15,938** | **12,151** | **-** | **28,089** | **27,159** |

The amount of financial guarantees included in contingent liabilities are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if the amount is claimed by the counterparty to the guarantee.

## 46. EMPLOYEE BENEFITS

The disclosures as per Ind AS 19 - Employee Benefits are as follows:

**a) Defined contribution plans**

Contribution to provident and other funds' is recognised as an expense in Note 25 'Employee benefits expense' of the statement of profit and loss.

**b) Defined benefit plans**

The present value of gratuity obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave benefits (non funded) is also recognised using the Projected Unit Credit Method.

# NOTES
## FORMING PART OF THE FINANCIAL STATEMENTS

(₹ Millions)

| | | Mar-19 | Mar-18 |
|---|---|---|---|
| | | Gratuity (Non Funded) | |
| **i)** | **Expenses recognised during the year** | | |
| 1 | Current service cost | 67 | 65 |
| 2 | Interest cost | 34 | 27 |
| 3 | Past service cost | 230 | 50 |
| | **Total Expenses** | **331** | **142** |
| | | | |
| **ii)** | **Amount recognised in other comprehensive income (OCI)** | | |
| 1 | Opening amount recognised in OCI | (27) | 24 |
| 2 | Remeasurement during the period due to | | |
| | - Changes in financial assumptions | 16 | (29) |
| | - Changes in experience charges | 88 | (22) |
| | **Closing amount recognised in OCI** | **77** | **(27)** |
| | | | |
| **iii)** | **Net liability recognised in the Balance Sheet as at 31 March** | | |
| 1 | Present value of Defined Benefit Obligation (DBO) | 796 | 404 |
| 2 | Net liability | 796 | 404 |
| | | | |
| **iv)** | **Reconciliation of net liability recognised in the Balance Sheet** | | |
| 1 | Net liability at the beginning of year | 404 | 341 |
| 2 | Transferred during the year | - | 8 |
| 3 | Expense as per (i) above | 331 | 142 |
| 4 | Other comprehensive income as per (ii) above | 104 | (51) |
| 5 | Liabilities transferred on divestiture | (8) | (3) |
| 6 | Benefits paid | (35) | (33) |
| | **Net liability at the end of the year** | **796** | **404** |
| | | | |
| **v)** | **The following payments are expected to defined benefit plan in future years :** | | |
| 1 | Expected benefits for year 1 | 22 | 16 |
| 2 | Expected benefits for year 2 to year 5 | 128 | 90 |
| 3 | Expected benefits beyond year 5 | 2,889 | 1,112 |

| | | Mar-19 | Mar-18 |
|---|---|---|---|
| **vi)** | **Actuarial assumptions** | | |
| 1 | Discount rate | 7.71% | 7.85% |
| 2 | Expected rate of salary increase | 9.50% | 9.50% |
| 3 | Mortality | IAL (2012-14) | IAL (2006-08) |

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

**vii) The defined benefit plans expose the Company to actuarial risks such as interest rate risk, longevity risk and salary risk:**

Interest risk: A decrease in the bond interest rate will increase the plan liability.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of plan participants will increase the plan's liability.

**viii) Sensitivity analysis**

The key actuarial assumptions to which the benefit obligation results are particularly sensitive to discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points:

(₹ Millions)

| | | Mar-19 | Mar-18 |
|---|---|---|---|
| 1 | Impact of increase in 50 bps on DBO - discount rate | 744 | 377 |
| 2 | Impact of decrease in 50 bps on DBO - discount rate | 852 | 432 |
| 3 | Impact of increase in 50 bps on DBO - salary escalation rate | 838 | 423 |
| 4 | Impact of decrease in 50 bps on DBO - salary escalation rate | 757 | 384 |

**Notes:**

a) The current service cost recognised as an expense is included in Note 25 'Employee benefits expense' as gratuity. The remeasurement of the net defined benefit liability is included in other comprehensive income.

b) The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the Actuary.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

**C Other long term benefits**

The obligation for leave benefits (non funded) is also recognised using the Projected Unit Credit Method and accordingly the long term paid absences have been valued. The leave encashment expense is included in Note 25 'Employee benefits expense'.

**47.** Considering the increasing competition and content cost inflation, the Company adopted an aggressive differentiated movie library expansion strategy and entered into strategic content partnerships with major production houses, movie studios and creative partners for movies monetization on Zee5, domestic and international broadcast businesses.

Accordingly, the Company had entered into various agreements with content aggregators and their agencies (sub-agents) for movie library acquisition and provided, from time to time, advances aggregating ₹ 22,790 millions to the agencies. In those cases where agencies could not fulfill their obligations in terms of the arrangement within the agreed timelines, the Company has terminated those Memorandum of Understandings (MOU) and advances aggregating ₹ 17,340 millions were received back. Interest aggregating ₹ 175 Millions recovered in terms of the MOU, where applicable, is accounted under the head 'Other income'. Advances aggregating ₹ 2,450 Millions (net of inventories acquired of ₹ 3,000 Millions) are outstanding as on 31 March 2019. Such advances are accounted under the sub-head 'Other advances (unsecured) - Considered good' under the head 'Other assets'.

Further, during the year, considering the cost inflation and to mitigate the possibility of non-availability of films, to ensure a robust content pipeline for future, the Company has entered into certain output deals and given unsecured interest-free deposits aggregating ₹ 6,930 millions for a period of eleven months to the aggregators, which are outstanding as at 31 March 2019. Such deposits are accounted under sub-head 'Deposits - unsecured and considered good - to others' under the hear 'Other financial assets'.

With regard to the aforesaid advances, with reference to standard operating procedures, the Company as a part of its enterprise risk assessment and internal control evaluation, with a view of enhancing the related effectiveness of control, is modifying its systems and processes with technology enablement for film acquisition.

# NOTES

**FORMING PART OF THE FINANCIAL STATEMENTS**

## 48. RELATED PARTY DISCLOSURES

a) **List of parties where control exists**

**Subsidiary companies**

**i) Wholly owned (direct and indirect subsidiaries)**

Asia Multimedia Distribution Inc.; Asia Today Limited; Asia Today Singapore Pte Limited; Asia TV Gmbh; Asia TV USA Limited; Asia TV Limited; ATL Media FZ-LLC; ATL Media Ltd.; Eevee Multimedia Inc.; Essel Vision Productions Limited; Expand Fast Holdings (Singapore) Pte. Limited; Fly by Wire International Private Limited (extent of holding 100% w.e.f. 14 July 2017); Idea Shop Web and Media Private Limited (held through India Webportal Private Limited); India Webportal Private Limited (extent of holding 100% w.e.f. 22 July 2017); OOO Zee CIS Holding LLC; OOO Zee CIS LLC; Pantheon Productions Limited; Taj TV Limited; Zee Digital Convergence Limited; Zee Entertainment Middle East FZ-LLC; Zee Multimedia Worldwide (Mauritius) Limited; Zee Radio Network Middle East FZ-LLC (De-registered on 24 December 2017); Zee Technologies (Guangzhou) Limited; Zee TV South Africa (Proprietary) Limited; Zee Unimedia Limited; Z5X Global FZ-LLC; Zee Studios International Limited; Zee TV USA Inc.

**ii) Other subsidiaries**

Zee Network Distribution Limited (formerly known as Zee Turner Limited extent of holding 74%); Margo Networks Private Limited (extent of holding 80% w.e.f. 17 April 2017)

b) **Associates**

Aplab Limited (extent of holding 26.42% upto 15 January 2019); Asia Today Thailand Limited (extent of holding 25% through Asia Today Singapore Pte Limited); Fly By Wire International Private Limited* (extent of holding 49% upto 13 July 2017)

* Became subsidiary during previous year

c) **Joint venture**

India Webportal Private Limited* (extent of holding 51% upto 21 July 2017); Idea Shop Web and Media Private Limited (extent of holding 51.04% through India Webportal Private Limited)*; Media Pro Enterprise India Private Limited (extent of holding 50% through Zee Network Distribution Limited formerly known as Zee Turner Limited extent of holding 74%).

* Became subsidiary during previous year

d) **Other related parties consist of Companies controlled by key management personnel and its relatives with whom transactions have taken place during the year and balance outstanding as on the last day of the year:**

Asian Satellite Broadcast Private Limited; Axom Communication and Cable Private Limited; Broadcast Audience Research Council; Cyquator Media Services Private Limited; Creantum Security Solutions Private Limited; Digital Subscriber Management and Consultancy Services Private Limited; Diligent Media Corporation Limited; Dish Infra Services Private Limited; Dish TV India Limited; Edisons Infrapower & Multiventures Private Limited; Essel Business Excellence Services Limited; Essel Finance VKC Forex Limited; Essel Corporate LLP; Essel Corporate Resources Private Limited; Essel Finance Business Loans Limited; Essel Finance Management LLP; Essel Infra Projects Limited; Essel Finance Wealth Zone Private Limited; Essel Realty Private Limited; Essel Solar Energy Private Limited; EZ Buy Private Limited; EZ Mall Online Limited; Indian Cable Net Company Limited; Konti Infrapower & Multiventures Private Limited; Living Entertainment Enterprises Private Limited; Master Channel Community Network Private Limited; Pan India Network Infravest Private Limited; Pan India Network Limited; Procall Infra & Utilities Private Limited; Real Media FZ-LLC; Shirpur Gold Refinery Limited; Siti Networks Limited; Siti Maurya Cable Net Private Limited; Siti Prime Uttranchal Communications Private Limited; Siti Siri Digital Network Private Limited; Siti Vision Digital Media Private Limited; Smart Wireless Private Limited; Subhash Chandra Foundation; Today Merchandise Private Limited; Veria International Limited; Widescreen Holdings Private Limited; Zee Akaash News Private Limited; Zee Learn Limited; Zee Media Corporation Limited.

**Directors / Key Management Personnel**

Dr. Subhash Chandra (Non-Executive Director); Punit Goenka (Managing Director & CEO); Ashok Kurien (Non-Executive Director); Subodh Kumar (Non-Executive Director); Prof. Sunil Sharma (Independent Director); Prof. Neharika Vohra (Independent Director); Manish Chokhani (Independent Director); Adesh Kumar Gupta (Independent Director)

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

e) **Disclosure in respect of related party transactions and balances as at and during the year** (₹ Millions)

| Sl. No. | Particulars | Mar 19 | Mar 18 |
|---|---|---|---|
| | **Transactions during the year** | | |
| **A)** | **Fixed assets** | | |
| **I)** | **Assets purchased** | | |
| | Subsidiaries | - | 56 |
| **B)** | **Non-Current investments** | | |
| **I)** | **Investments purchased / subscribed** | | |
| | Subsidiaries | 1,239 | 5,253 |
| **II)** | **Investments sold** | | |
| | Associate | 2 | - |
| | Subsidiaries | 120 | 7,411 |
| **C)** | **Revenue from operations** | | |
| **I)** | **Advertisement income** | | |
| | Subsidiaries | 3 | 19 |
| | Other related parties | 126 | 105 |
| **II)** | **Subscription income** | | |
| | Other related parties | 6,227 | 3,481 |
| **III)** | **Share of subscription income payable** | | |
| | Subsidiaries | 1,148 | 998 |
| | Other related parties | 683 | 713 |
| **IV)** | **Commission - Space selling** | | |
| | Subsidiaries | 162 | 153 |
| | Other related parties | 389 | 392 |
| **V)** | **Transmission income** | | |
| | Subsidiaries | 327 | 315 |
| | Other related parties | 112 | 76 |
| **VI)** | **Sales - Media content** | | |
| | Subsidiaries | 1,120 | 1,314 |
| | Joint venture | - | 58 |
| | Other related parties | - | 2 |
| **VII)** | **Other operating income** | | |
| | Subsidiaries | 1 | - |
| | Other related parties (2018 : ₹ 14,000/-) | - | 0 |

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

(₹ Millions)

| Sl. No. | Particulars | Mar 19 | Mar 18 |
|---|---|---|---|
| **D)** | **Other income** | | |
| **I)** | **Dividend income** | | |
| | Subsidiaries | - | 7,816 |
| **II)** | **Rent / miscellaneous income** | | |
| | Subsidiaries (2019 : ₹ 300,000/-) | 0 | 1 |
| | Other related parties | 345 | 272 |
| **III)** | **Interest income** | | |
| | Other related parties | 172 | - |
| **IV)** | **Liabilities / excess provision written back** | | |
| | Other related parties | 68 | - |
| **E)** | **Purchase - Media content** | | |
| | Subsidiaries | 3,250 | 3,058 |
| | Other related parties | - | 43 |
| **F)** | **Purchase of services** | | |
| | Subsidiaries | 333 | 228 |
| | Associate | - | 88 |
| | Other related parties | 2,936 | 2,286 |
| **G)** | **Recoveries / (reimbursement) (net)** | | |
| | Subsidiaries | 302 | 342 |
| | Other related parties | 306 | 322 |
| **H)** | **Loans, advances and deposits repayment received** | | |
| | Other related parties | 24 | 44 |
| **I)** | **Loans, advances and deposits repayment given** | | |
| | Other related parties # | 1,752 | - |
| **J)** | **Corporate Social Responsibility** | | |
| | Other related parties | 222 | 71 |
| **K)** | **Remuneration to Managing Director & CEO** | | |
| | Short term employee benefits* | 83 | 104 |
| **L)** | **Commission and sitting fees** | | |
| | Non-executive directors | 23 | 22 |
| **M)** | **Dividend paid** | | |
| | Director (2019: ₹ 1,140/-; 2018: ₹ 870/-) | 0 | 0 |

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

(₹ Millions)

| Sl. No. | Particulars | Mar 19 | Mar 18 |
|---|---|---|---|
| | **Balance as at 31 March** | | |
| A) | **Investment** | | |
| | Subsidiaries | 12,302 | 10,953 |
| | Associates | - | 47 |
| B) | **Provision for diminuition in value of investments** | | |
| | Associate | - | 20 |
| C) | **Trade receivables** | | |
| | Subsidiaries | 1,686 | 859 |
| | Joint venture | - | 1 |
| | Other related parties | 5,259 | 1,090 |
| D) | **Loans, advances and deposits given** | | |
| | Subsidiaries | 175 | 175 |
| | Other related parties | 2,233 | 427 |
| E) | **Other receivables** | | |
| | Subsidiaries | 750 | 393 |
| | Joint venture (2018: ₹ 213,400/-) | - | 0 |
| | Other related parties | 773 | 721 |
| F) | **Trade advances and deposits received** | | |
| | Subsidiaries | - | 1 |
| | Joint venture | 2 | - |
| | Other related parties | 81 | 24 |
| G) | **Trade / other payables** | | |
| | Subsidiaries | 1,287 | 786 |
| | Joint venture | - | 1 |
| | Other related parties | 762 | 535 |
| H) | **Due to principals** | | |
| | Subsidiaries | 520 | 768 |
| I) | **Corporate guarantees given** | | |
| | Other related parties | 1,137 | 1,037 |

# Includes assignment of loan given worth ₹ 1,706 Millions.

* Does not include provision made for gratuity and leave encashment as they are determined on actuarial basis for all the employees together.

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

f) Disclosure in respect of material related parties which account for 10% or more of the transactions and balances as at and during the year

(₹ Millions)

| Sl. No. | Particulars | Mar 19 | Mar 18 |
|---|---|---|---|
| | **Transactions during the year** | | |
| A) | **Fixed assets** | | |
| I) | **Assets purchased** | | |
| | Expand Fast Holdings (Singapore) Pte. Limited | - | 56 |
| B) | **Non-current investments** | | |
| I) | **Investments purchased / subscribed** | | |
| | Debenture - Essel Vision Productions Limited | 1,239 | 2,163 |
| | Equity Shares of Margo Networks Private Limited | - | 750 |
| | Equity Shares of India Webportal Private Limited | - | 2,001 |
| | Others | - | 339 |
| II) | **Investments sold** | | |
| | Redemption of preference share of ATL Media Limited | - | 7,411 |
| | Redemption of debenture - Fly By Wire International Private Limited | 120 | - |
| | Others | 2 | - |
| C) | **Revenue from operations** | | |
| I) | **Advertisement income** | | |
| | Essel Vision Productions Limited | 3 | 14 |
| | Dish TV India Limited | 108 | 92 |
| | Zee Media Corporation Limited | 13 | 10 |
| | Others | 5 | 8 |
| II) | **Subscription income** | | |
| | Dish TV India Limited | 4,839 | 2,442 |
| | Siti Networks Limited | 1,012 | 746 |
| | Others | 376 | 293 |
| III) | **Share of subscription income payable** | | |
| | ATL Media Limited | 1,148 | 998 |
| | Living Entertainment Enterprises Private Limited | 210 | 238 |
| | Zee Media Corporation Limited | 473 | 475 |
| IV) | **Commission - Space selling** | | |
| | ATL Media Limited | 119 | 123 |
| | Diligent Media Corporation Limited | - | 70 |
| | Zee Akaash News Private Limited | 23 | 65 |
| | Zee Media Corporation Limited | 345 | 241 |
| | Others | 64 | 46 |
| V) | **Transmission income** | | |
| | Asia Today Limited | 264 | 246 |
| | ATL Media Limited | 63 | 69 |
| | Zee Media Corporation Limited | 79 | 56 |
| | Others | 33 | 20 |
| VI) | **Sales - Media content** | | |
| | Asia Today Limited | 1,120 | 1,314 |

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

(₹ Millions)

| Sl. No. | Particulars | Mar 19 | Mar 18 |
|---|---|---|---|
| | Others | - | 60 |
| **VII)** | **Other operating income** | | |
| | Essel Vision Productions Limited | 1 | - |
| | Essel Corporate Resources Private Limited (2018 : ₹ 14,000/-) | - | 0 |
| **D)** | **Other income** | | |
| **I)** | **Dividend income** | | |
| | ATL Media Limited | - | 7816 |
| **II)** | **Rent/ miscellaneous income** | | |
| | Siti Networks Limited | 29 | 36 |
| | Zee Media Corporation Limited | 133 | 106 |
| | Essel Business Excellence Services Limited | 44 | 30 |
| | Essel Infra Projects Limited | 49 | 27 |
| | Others | 90 | 74 |
| **III)** | **Interest income** | | |
| | Widescreen Holdings Private Limited | 47 | - |
| | Konti Infrapower & Multiventures Private Limited | 57 | - |
| | Edisons Infrapower & Multiventures Private Limited | 57 | - |
| | Asian Satellite Broadcast Private Limited | 11 | - |
| **IV)** | **Liabilities / excess provision written back** | | |
| | Dish TV India Limited | 68 | - |
| **E)** | **Purchase - Media content** | | |
| | Essel Vision Productions Limited | 3,082 | 2968 |
| | Others | 168 | 133 |
| **F)** | **Purchase of services** | | |
| | Fly By Wire International Private Limited | 309 | 309 |
| | Broadcast Audience Research Council | 383 | 287 |
| | Digital Subscriber Management and Consultancy Services Private Limited | 581 | 563 |
| | Essel Business Excellence Services Limited | 743 | 302 |
| | Siti Networks Limited | 229 | 270 |
| | Essel Corporate LLP | 212 | - |
| | Essel Corporate Resources Private Limited | - | 366 |
| | Others | 812 | 505 |
| **G)** | **Recoveries / (reimbursement) (net)** | | |
| | ATL Media Limited | 302 | 330 |
| | Zee Media Corporation Limited | 152 | 154 |
| | Others | 154 | 180 |
| **H)** | **Loans, advances and deposits repayment received** | | |
| | Essel Corporate LLP | 12 | - |
| | Essel Corporate Resources Private Limited | - | 35 |
| | Cyquator Media Services Private Limited | 3 | - |
| | Broadcast Audience Research Council | 9 | 9 |

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

(₹ Millions)

| Sl. No. | Particulars | Mar 19 | Mar 18 |
|---|---|---|---|
| I) | **Loans, advances and deposits repayment given #** | | |
| | Widescreen Holdings Private Limited | 460 | - |
| | Konti Infrapower & Multiventures Private Limited | 560 | - |
| | Edisons Infrapower & Multiventures Private Limited | 570 | - |
| | Others | 162 | - |
| J) | **Corporate Social Responsibility** | | |
| | Subhash Chandra Foundation | 222 | 71 |
| K) | **Remuneration to Managing Director & CEO** | | |
| | Short term employee benefits * | 83 | 104 |
| L) | **Commission and sitting fees** | | |
| | Non-executive directors | 23 | 22 |
| M) | **Dividend paid** | | |
| | Director (2019: ₹ 1,140/-; 2018: ₹ 870/-) | 0 | 0 |

(₹ Millions)

| | | Mar 19 | Mar 18 |
|---|---|---|---|
| | **Balance as at 31 March** | | |
| A) | **Investment** | | |
| | Equity Shares of Zee Multimedia Worldwide Limited, BVI | 2,584 | 2,584 |
| | Equity Shares of ATL Media Limited | 2,515 | 2,515 |
| | Debentures - Essel Vision Productions Limited | 5,904 | 4,409 |
| | Others | 1,299 | 1,492 |
| | | | |
| B) | **Provision for diminution in value of investments** | | |
| | Aplab Limited | - | 20 |
| | | | |
| C) | **Trade receivables** | | |
| | Asia Today Limited | 1,481 | 769 |
| | Dish TV India Limited | 3,272 | 259 |
| | Siti Networks Limited | 1,691 | 639 |
| | Others | 501 | 282 |
| | | | |
| D) | **Loans, advances and deposits given** | | |
| | Fly By Wire International Private Limited | 175 | 175 |
| | Widescreen Holdings Private Limited | 481 | - |
| | Konti Infrapower & Multiventures Private Limited | 586 | - |
| | Edisons Infrapower & Multiventures Private Limited | 595 | - |
| | Digital Subscriber Management and Consultancy Services Private Limited | 340 | 340 |
| | Others | 231 | 87 |

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

(₹ Millions)

| | | Mar 19 | Mar 18 |
|---|---|---|---|
| E) | **Other receivables** | | |
| | ATL Media Limited | 696 | 324 |
| | Zee Media Corporation Limited | 106 | 268 |
| | Living Entertainment Enterprises Private Limited | 147 | 139 |
| | Others | 574 | 383 |
| | | | |
| F) | **Trade advances and deposits received** | | |
| | Essel Corporate LLP | 10 | - |
| | Essel Corporate Resources Private Limited | - | 10 |
| | Zee Media Corporation Limited | 46 | - |
| | Essel Infra Projects Limited | 12 | 12 |
| | Others | 15 | 3 |
| | | | |
| G) | **Trade / other payables** | | |
| | ATL Media Limited | 247 | 162 |
| | Essel Vision Productions Limited | 922 | 521 |
| | Indian Cable Net Company Limited | 80 | 229 |
| | Others | 800 | 410 |
| | | | |
| H) | **Due to principals** | | |
| | Asia Today Limited | 47 | 82 |
| | ATL Media Limited | 473 | 686 |
| | | | |
| I) | **Corporate guarantees given** | | |
| | Broadcast Audience Research Council | 170 | 170 |
| | Siti Networks Limited | 967 | 867 |

# Includes assignment of loan given worth ₹ 1,706 millions.

* Does not include provision made for gratuity and leave encashment as they are determined on actuarial basis for all the employees together.

**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**A. B. Jani**
Partner

**Place:** Mumbai

**Date:** 27 May 2019

For and on behalf of the Board

**Punit Goenka**
Managing Director and CEO

**Adesh Kumar Gupta**
Director

**Rohit Kumar Gupta**
Chief Financial Officer

**M Lakshminarayanan**
Company Secretary