

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors are pleased to present the Thirty Sixth Annual Report of your Company's business and operations along with the Audited Financial Statements ('Annual Accounts') for the financial year ended March 31, 2018.

1. RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act, 2013 ('the Act'), in relation to the Annual Accounts for the Financial Year 2017-18, your Directors confirm that:

- The Annual Accounts of the Company have been prepared on a going concern basis;
- In the preparation of the Annual Accounts, the applicable accounting standards had been followed and there are no material departures;
- The accounting policies selected were applied consistently and the judgments and estimates related to these annual accounts have been made on a prudent and reasonable basis, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018, and, of the profits of the Company for the year ended on that date;
- Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, to safeguard the assets of the Company and to prevent and detect any fraud and other irregularities;
- Requisite internal financial controls to be followed by the Company were laid down and that such internal financial controls are adequate and operating effectively; and
- Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

2. FINANCIAL RESULTS

The Financial Performance of your Company for the year ended March 31, 2018 is summarized below:

(₹ MILLIONS)

Particulars	Standalone Year Ended		Consolidated Year Ended	
	31.03.2018	31.03.17*	31.03.2018	31.03.17*
Revenue from Operations	57,956	50,249	66,857	64,342
Other Income	9,818	3,479	4,403	2,240
Total Income	67,774	53,728	71,260	66,582
Total Expenses	40,463	38,047	49,431	49,802
Share of Associates / Joint Ventures	-	-	12	(5)
Exceptional Items	-	470	1,346	12,234
Profit Before Tax	27,311	16,151	23,187	29,009
Provision for Taxation (net)	8,192	6,467	8,409	6,808
Profit after Tax	19,119	9,684	14,778	22,201

Note: * FY 17 results have been restated to incorporate the effect of certain business undertakings vested with the Company as at 31 March 2017 in pursuance of Scheme of Arrangement

There have been no material changes and commitments that have occurred after close of the financial year till the date of this report, which affect the financial position of the Company. Based on the internal financial control framework and compliance systems established in the Company, the work performed by Statutory, Internal, Secretarial Auditors and reviews performed by the management and/or the Audit Committee of the Board, your Board is of the opinion that the Company's internal financial controls were adequate and working effectively during the Financial Year 2017-18.



3. DIVIDEND

Equity Shares

In accordance with the Dividend Distribution Policy adopted by your Board and available on the website of the Company www.zeeentertainment.com, your Directors recommend payment of Equity Dividend of ₹ 2.90 per equity share of ₹ 1/- each and such Equity Dividend, upon approval by the Members of the Company at the ensuing Annual General Meeting, shall be payable on the outstanding equity capital as at the Record Date i.e. July 10, 2018. The outflow on account of equity dividend and the tax on such dividend distribution, based on current Paid-up Equity Share Capital of the Company would aggregate to ₹3357.87 million, resulting in payout of 25% of the Consolidated Net Profits for the Financial year 2017-18.

Preference Shares

In accordance with the terms of Listed 6% Cumulative Redeemable Non-Convertible Preference Shares issued as Bonus in 2014 (Bonus Preference Shares) and Unlisted Series B - 6% Cumulative Redeemable Non-Convertible Preference Shares issued in accordance with the Scheme (Unlisted Series B Preference Shares), the Company had remitted an aggregate Preference Dividend of ₹ 1194.54 Million, comprising of:

- Pro-rata Preference Dividend of ₹ 0.11145 on the redemption value of ₹ 2 per Bonus Preference Share for the period from April 1, 2017 till Redemption date;
- Preference Dividend of ₹ 0.48 per share for FY 2017-18 on the Bonus Preference Shares of ₹ 8 per share post redemption; and
- Pro-rata Preference Dividend of ₹ 0.41 per share on the Unlisted Series B Preference Shares of ₹ 10 each for the period from date of allotment till March 31, 2018

4. BUSINESS OVERVIEW

During fiscal 2018, your Company delivered another strong year of performance despite certain challenges and uncertainties in the macro-environment. The advertising revenues were impacted in the first half due to disruptions caused by implementation of Goods and Services Tax (GST) - an unified taxation regime, which led to cut-back in ad spends by advertisers. However, FMCG and other consumer discretionary categories launched new products and stepped up their spending on campaigns and activations during the second half of the fiscal, aiding the growth of advertising revenues. On the subscription business, TRAI's tariff order on MRP based channel distribution and the lack of clarity on the status of this regulation resulted in temporary delays in monetization in newly digitized Phase III markets for the broadcasters, besides the exit of a DTH player affecting the subscription growth for the industry. Overall, as per FICCI-EY report, the Indian Media and Entertainment (M&E) industry registered a growth of 12.6% in CY17, reaching ₹1,473 billion in size and is forecasted to register 11.3% CAGR over the next three years with all segments of M&E industry registering growth over this period.

FY18 was an eventful year for your company. On completion of 25 years of broadcast operations, your Company adopted a refreshed brand philosophy of 'Extraordinary Together' with new brand logos across all business verticals and the initiative was accompanied by iconic 360° marketing campaigns, enhancing the brand equity and brand recall significantly.

ZEE5 - your Company's new OTT offering in digital space, was launched with 100,000+ hours of content across genres in 12 languages. The initial response has been encouraging and your Company plans to significantly

ramp-up original content production for usage in the platform in fiscal 2019. In the domestic broadcast business, your company was the #1 player in the non-sports entertainment segment with an all-India viewership share of 18%. This was led by strong performance by the flagship channel - Zee TV, market share gains in regional channels portfolio and integration of two channels of RBNL.

During the year under review:

- Zee TV was the number one Hindi GEC, with 200 bps increase in market share;
- Zee Anmol and the portfolio of Hindi movie channels continued to be leader in their respective categories;
- Zee Marathi, Sarthak and Big Ganga in regional channels space maintained their leadership positions and other regional channels such as Zee Telugu, Zee Bangla, Zee Tamil and Zee Kannada witnessed market share gains and most of the channels narrowed gap with the leader;
- &Privé HD was launched as a premium English movie channel which quickly climbed to be the #1 position since launch;
- Zee Studios, the movie production business, released 10 movies across three languages - Hindi, Marathi and Punjabi, all of which were received well at the box office. 'Mom' won the National Award for Best Actor - Female;
- Zee Music Company continued to expand its music catalogue across languages and the music label has gained strong traction in just four years of its launch and is already the #2 music channel by subscribers on YouTube; and
- In the international business, your Company expanded the reach of its channels across geographies and has entered into new distribution partnerships in markets like USA and MENAP to gain a wider audience. In select markets like UK, the channels moved to the basic pack of some of our distributors. These initiatives have helped to increase the reach of ZEE's content to 578 million people across 170+ countries.

5. CORPORATE RESTRUCTURING

During the year under review, your Company:

- Acquired the General Entertainment Broadcasting business of Reliance ADAG group housed under Reliance Big Broadcasting Pvt Ltd, Big Magic Limited and Azalia Broadcast Private Limited, in pursuance of a Composite Scheme of Arrangement approved by the Mumbai Bench of Hon'ble National Company Law Tribunal vide order passed on July 13, 2017. The said Scheme *inter alia* provided for Demerger of 6 (six) Television Channels of Reliance ADAG group companies viz. Big Magic (Hindi GEC in Comedy genre), Big Ganga (Regional Channel in Bhojpuri language), Big Magic Punjab (Regional channel in Hindi), Big Magic HD, Big Gaurav and Big Thrill vesting with the Company with effect from Appointed Date of March 31, 2017. This acquisition enabled the Company to expand its portfolio of the Channels into newer genres; and
- Consolidated certain businesses carried on by some of the Domestic Subsidiaries in pursuance of a Composite Scheme of Arrangement and Amalgamation *inter alia* for (a) Demerger of Demerged Undertakings (as defined in the Scheme) of Zee Digital Convergence Limited, India Webportal Pvt Ltd and Zee Unimedia Limited vesting with the Company; and (b) Amalgamation of Sarthak Entertainment Pvt Ltd with the Company, with effect from Appointed Date of April 1, 2017. The said

Composite Scheme of Arrangement and Amalgamation was approved by the Mumbai bench of Hon'ble National Company Law Tribunal vide order passed on April 11, 2018 and became effective on and from May 3, 2018. The consolidation of the businesses of the Domestic Subsidiaries in pursuance of the Scheme is expected to enable efficient cash flow management, better tax efficiency and avoidance of duplication of administrative overheads.

The effect of above Scheme(s) have been given in the Audited Financial Statements of the Company for FY 2017-18 and accordingly as required under Indian Accounting Standards, the Financial Statements for the previous financial year 16-17 has been restated to make it comparable.

6. CAPITAL STRUCTURE

During the year under review, your Company had:

- Issued and allotted 39,49,105 - Unlisted 6% Cumulative Redeemable Non-Convertible Preference Shares of ₹ 10/- each (Series B Preference Shares), on July 24, 2017, as consideration in pursuance of the Composite Scheme of Arrangement for acquisition of General Entertainment Broadcasting Business of Reliance ADAG group entities;
- Redeemed 20% of Nominal value of Listed 6% Cumulative Redeemable Non-Convertible Preference Shares of ₹ 10/- each (Bonus Preference Shares) on the 4th anniversary of its issuance as per the terms of the issue, resulting in outflow of ₹ 4033.88 Million towards redemption at the rate of ₹ 2 per Preference Share. As required under Section 55 of the Act, the amount equivalent to Redemption value was credited to Capital Redemption Reserve Account of the Company. Further pursuant to the provisions of Income Tax Act, 1961 the said redemption amount paid was treated as Dividend pay-out and accordingly was subjected to payment of Dividend Distribution Tax by your Company; and
- Issued and allotted 4,900 Equity Shares of ₹ 1 each upon exercise of options granted under Company's ESOP Scheme.

Consequent to the above issuance/redemption, the Paid-up Share Capital of the Company as at March 31, 2018 stood at ₹ 17,135,483,166/- comprising of 960,453,620 Equity shares of ₹ 1/- each; 2016,942,312 of Bonus Preference Shares of ₹ 8/- each; and 3,949,105 Unlisted Series B Preference Shares of ₹ 10/- each.

Subsequent to closure of the financial year, your Company had issued and allotted 9,450 Equity Shares of ₹ 1 each upon exercise of stock options granted under the ESOP Scheme.

During the year under review, Brickwork Ratings India Private Ltd had re-affirmed the rating assigned to the Bonus Preference Shares of the Company, at 'BWR AAA' which denotes that the instruments with this rating are considered as having highest degree of safety regarding timely servicing of financial obligations.

7. SUBSIDIARIES & JOINT VENTURES

As at March 31, 2018 your Company had 29 Subsidiaries (28 Subsidiaries as on March 31, 2017), 2 Associates (3 as at March 31, 2017) and 1 Joint Venture Company (1 as at March 31, 2017).

Your Board confirms that as at March 31, 2018, none of the Subsidiaries of the Company qualifies to be considered as Material Subsidiary as per SEBI Listing Regulations and Company's policy on determining Material Subsidiary.

International Operations: As at March 31, 2018, the International Operations of the Company are carried out through 21 direct and indirect subsidiaries (21 as at March 31, 2017).

During the year under review:

- Zee Studio International Limited, Canada, a step-down wholly owned overseas subsidiary of the Company through ATL Media Limited, Mauritius, incorporated a wholly owned subsidiary in the Province of British Columbia in the name of Pantheon Productions Limited;
- Zee Radio Network Middle East FZ LLC, a Step down wholly owned overseas subsidiary of Company through Asia Today Limited, Mauritius was de-registered and ceased to exist with effect from December 23, 2017;
- The second phase of Sale of Sports Broadcasting business, housed under erstwhile domestic subsidiary Taj Television (India) Pvt Ltd and overseas step down subsidiary Taj TV Ltd, Mauritius, to Sony group was concluded upon receipt of aggregate consideration of USD 366.32 Million, after certain adjustments as per terms of Agreement;
- Taj TV Ltd, Mauritius - a wholly owned step-down overseas subsidiary, bought back 12,150 Ordinary Shares of USD 1000 each held by its Holding Company ATL Media Limited, Mauritius at an aggregate consideration of USD 111.59 Millions and consequently the paid-up capital of Taj TV Ltd stood reduced to 4,800 Ordinary Shares of USD 1000 each held entirely by ATL Media Limited; and
- ATL Media Limited - a wholly owned overseas subsidiary, redeemed Preference Shares of USD 110.5 Million held by the Company and remitted the redemption amount along with Preference Dividend of USD 8.66 Million. Additionally, ATL Media Limited, remitted Equity Dividend(s) aggregating to USD 118.51 Million during the year to the Company.

India Operations: As at March 31, 2018, the Company had 8 direct and indirect domestic subsidiaries (7 as at March 31, 2017).

During the year under review your Company acquired:

- Balance 49% equity stake in India Webportal Private Limited - a Joint Venture entity, from its existing shareholders thereby making it a Wholly Owned Subsidiary of the Company;
- Balance 51% equity stake in Fly-By-Wire International Private Limited - an associate entity, from its existing shareholders, thereby making it a wholly owned subsidiary of the Company;
- 80% equity stake in Margo Networks Private Limited, a technology start-up which has developed a technology to set-up server and compute infrastructure which will enable content consumption and has the potential to significantly drive-up the digital content consumption scenario;
- 12.5% stake (on fully diluted basis) in Tagos Design Innovations Pvt Ltd, a technology start-up engaged in development of in-video discovery platform, with an intent to expand digital platforms for the Media content.

Further, in pursuance of the Composite Scheme of Arrangement and Amalgamation approved by Hon'ble National Company Law Tribunal vide order passed on April 11, 2018,

- Sarthak Entertainment Pvt Ltd - a wholly owned subsidiary merged with the Company and dissolved without winding-up with effect from Appointed Date of April 1, 2017; and
- Certain business undertakings of the wholly owned subsidiaries viz. Zee Digital Convergence Limited, Zee Unimedia Limited and India Webportal Pvt Ltd stood demerged and vested with the Company and your Company's investment in these wholly owned subsidiaries stood reduced, consequent to reduction of the paid-up capital of these subsidiaries to reflect the remaining business after such demerger.

Apart from the above, no other Subsidiary / Joint-venture / Associate was acquired or divested during the financial year 2017-18. In compliance with Section 129 of the Act, a statement containing requisite details including financial highlights of the operation of all the subsidiaries in Form AOC-1 is annexed to this report as Annexure A.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements including the consolidated financial statements and related information of the Company and audited accounts of each of the subsidiaries are available on the website of the Company www.zeeentertainment.com. These documents will also be available for inspection during business hours on all working days (except Saturday) at the Registered Office of the Company.

Your Company has obtained a certificate from its Statutory Auditors certifying that the Company is in compliance with the FEMA regulations with respect to the downstream investments made during the year under review.

8. EMPLOYEE STOCK OPTION SCHEME

In pursuance of ZEEL ESOP Scheme 2009, during the year under review the Nomination and Remuneration Committee had granted 18,900 Stock Options to Mr Punit Misra, CEO - Domestic Broadcast Business, resulting in aggregate grant of 28,700 Stock Options to Mr Punit Misra as at March 31, 2018. The said Stock Options are convertible into equivalent number of Equity Shares upon payment of Exercise Price of ₹ 1/- per share by the Option Grantee. Accordingly, as per the terms of grant and upon exercise of vested Stock options by Mr Punit Misra, 4,900 Equity Shares were issued and allotted to him during FY 17-18 and 23,800 unvested Stock Options were outstanding as at March 31, 2018.

Requisite disclosures as required under Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 is annexed to this report as Annexure B. The Statutory Auditors of the Company M/s Deloitte Haskins & Sells LLP, Chartered Accountants have certified that the Company's Employee Stock Option Scheme has been implemented in accordance with SEBI Regulations and the resolution passed by the shareholders. The said disclosure on Company's ESOP Scheme will also be available on the Company's website www.zeeentertainment.com as part of the Annual report.

Subsequent to closure of the financial year, the Nomination and Remuneration Committee approved grant of 17,300 additional Stock Options to Mr Punit Misra on similar terms and had issued and allotted 9,450 Equity Shares to Mr Punit Misra upon exercise of options vested in April 2018.

9. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) at Zee is all about engaging in long-term sustainable programs that actively contribute to and support the social and economic development of the society. Accordingly, as a unified approach towards CSR at Essel Group level and with an intent to support long term projects focused on developing and empowering society, your Company had, along with other Essel group entities, established a Section 8 Company in the name of Subhash Chandra Foundation. The CSR contributions of the Essel group companies are pooled into the Foundation to fund long-term projects.

During the year under review, CSR Committee approved commitment to CSR projects spends aggregating to ₹ 293.90 Million in the spheres of education, citizen empowerment, community development, and preservation of cultural and national heritage. The said commitment *inter alia* included 2 long term CSR projects requiring need/milestone based funding staggered over a period of 2 years, which includes

- An Education and Skill development project taken up by Subhash Chandra Foundation, by expanding the Community Empowerment Platform Sarthi to the States of Bihar and Jharkhand. The said project was established last year as Pilot run in the States of Madhya Pradesh and Chattisgarh with focus on education, skill development & alternate livelihood, and had a good impact on the society wherein Sarthi partnered with 434 organizations to increase its reach. Based on learnings during the pilot run, Subhash Chandra Foundation proposed to expand the platform to the States of Bihar and Jharkhand at a project cost of ₹ 215 Million committed by your Company and required to be funded in tranches over a period of 2 years.
- An Integrated Rural Development Project taken up by Subhash Chandra Foundation in collaboration with Ekal Gramothan Foundation by setting up a Gramothan Resource Centre (GRC) which will serve around 100 surrounding villages by facilitating creation of self-sustainable opportunities, enhance farm productivity, promote and support rural micro-entrepreneurs and help arrest migration. As part of the project Subhash Chandra Foundation proposes to set-up a GRC in Haryana at a project cost of ₹ 50 Million committed by your Company and required to be funded in tranches over a period of 2 years.

During the year under review, as against the committed and approved CSR spend of ₹ 293.90 Million, your Company had released an aggregate of ₹ 68.90 Million and the balance amounts would be spent/remitted towards long term CSR Projects mentioned above over a period of next financial year from out of the CSR budget of FY 17-18.

Annual report on Corporate Social Responsibility activities initiated by the Company during the year under review, in compliance with the requirements of Companies Act, 2013, is annexed to this report as Annexure C. The said Annual Report on CSR activities for FY 17-18, does not include CSR spend of ₹ 2.50 Million by Sarthak Entertainment Pvt Ltd, which got amalgamated with the Company with effect from April 1, 2017, for promoting an integrated Agri-rural development project in the State of Haryana.

10. CORPORATE GOVERNANCE AND POLICIES

In order to maximize shareholder value on a sustained basis, your Company has been constantly reassessing and benchmarking itself with well-established Corporate Governance practices besides strictly complying with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), applicable provisions of Companies Act, 2013 and applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

In terms of Schedule V of Listing Regulations, a detailed report on Corporate Governance along with Compliance Certificate issued by the Statutory Auditors of the Company is attached and forms an integral part of this Annual Report. Management Discussion and Analysis Report and Business Responsibility Report as per Listing Regulations are presented in separate sections forming part of the Annual Report. The said Business Responsibility Report will also be available on the Company's website www.zeeentertainment.com as part of the Annual Report.

In compliance with the requirements of Companies Act, 2013 and Listing Regulations, your Board has approved various Policies including Code of Conduct for Directors & Senior Management, Material Subsidiary Policy, Insider Trading Code, Document Preservation Policy, Material Event Determination and Disclosure Policy, Fair Disclosure Policy, Corporate Social Responsibility Policy, Whistle Blower and Vigil Mechanism Policy, Related Party Transaction Policy, Remuneration Policy and Dividend Distribution Policy. These policies & codes along with the Directors Familiarization Program and Terms and Conditions for appointment of Independent Directors have been uploaded on Company's corporate website and can be viewed on <https://www.zeeentertainment.com/investors/investor-governance>.

In compliance with the requirements of Section 178 of the Companies Act, 2013, the Nomination & Remuneration Committee of your Board had fixed various criteria for nominating a person on the Board which *inter alia* include desired size and composition of the Board, age limits, qualification / experience, areas of expertise and independence of individual. The Committee had also approved in-principle that the initial term of an Independent Director shall not exceed 3 years.

11. DIRECTORS & KEY MANAGERIAL PERSONNEL

During the year there has been no change in the constitution of your Board which comprises of 8 Directors including 4 Independent Directors, an Executive Director and 3 Non-Executive Directors. Independent Directors provide their declarations both at the time of appointment and annually, confirming that they meet the criteria of independence as prescribed under Companies Act, 2013 and Listing Regulations. During FY 2017-18 your Board met 8 (eight) times details of which are available in Corporate Governance Report annexed to this report.

Mr Ashok Kurien, Non-Executive Director is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, has offered himself for re-appointment. Your Board recommends his re-appointment.

The Notice of ensuing Annual General Meeting includes a proposal seeking Members approval by way of Special Resolution for re-appointment of Mr Adesh Kumar Gupta as an Independent Director for the second term of 3 years from expiry of his current term on December 29, 2018. Your Company has received a notice from a Members proposing such re-appointment of

Mr Adesh Kumar Gupta as Independent Director for second term and based on performance evaluation process and communication received from Mr Adesh Kumar Gupta confirming that he continues to meet the criteria of Independence, your Board recommends his re-appointment as an Independent Director for the second term of 3 years upon expiry of the current term on December 29, 2018.

During the year under review, consequent to Mr Mihir Modi moving to handle other functions within the group, Mr Bharat Kedia was appointed as Chief Financial Officer of the Company with effect from August 1, 2017. Accordingly, the Key Managerial Personnel of the Company as at March 31, 2018 comprised of Mr Punit Goenka, Managing Director & CEO, Mr M Lakshminarayanan, Chief Compliance Officer & Company Secretary and Mr Bharat Kedia, Chief Financial Officer.

Subsequent to closure of FY 2017-18, Mr Bharat Kedia resigned as Chief Financial Officer of the Company with effect from the close of business on April 28, 2018 and pending appointment of new Chief Financial Officer by the Board, the finance functions of the Company are currently being discharged by Mr Sundeep Mehta, Finance Controller.

12. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the evaluation of annual performance of the Directors / Board / Committees was carried out for the financial year 2017-18. The details of the evaluation process are set out in the Corporate Governance Report annexed to this Report.

13. BOARD COMMITTEES

In compliance with the requirements of Companies Act, 2013 and Listing Regulations your Board had constituted various Board Committees including Audit Committee, Risk Management Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. Details of the constitution of these Committees, which are in accordance with regulatory requirements, have been uploaded on the website of the Company viz. www.zeeentertainment.com. Details of scope, constitution, terms of reference, number of meetings held during the year under review along with attendance of Committee Members therein form part of the Corporate Governance Report annexed to this report.

14. AUDITORS

Statutory Audit:

At the 35th Annual General Meeting held on July 12, 2017, the Shareholders had approved appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants having Firm Registration No. 117366W/W-100018 as Statutory Auditors of the Company until conclusion of 40th Annual General Meeting to be held in the year 2022 subject to ratification by the Shareholders every year. Pursuant to recent amendment to Section 139 of the Companies Act, 2013 effective May 7, 2018, ratification by the Shareholders every year for the appointment of Statutory Auditors is no longer required and accordingly the Notice of ensuing Annual General Meeting does not include the proposal for seeking Shareholders approval for ratification of Statutory Auditors appointment. The Company has received certificate of eligibility from M/s Deloitte Haskins & Sells LLP in accordance with the provisions of the Companies Act, 2013 read with rules thereunder and a confirmation that they continue to hold valid Peer Review Certificate as required under Listing Regulations.



Secretarial Audit:

During the year under review the Secretarial Audit was carried out by M/s Vinod Kothari & Co., Company Secretaries (Firm Registration No. P1996WB042300) in compliance with Section 204 of the Companies Act, 2013.

The reports of M/s Deloitte Haskins & Sells LLP., Chartered Accountants as Statutory Auditors and M/s Vinod Kothari & Co. Company Secretaries as Secretarial Auditor forming part of this Annual report do not contain any qualification, reservation or adverse remarks. During the year under review the Statutory Auditors had not reported any matter under Section 143 (12) of the Act and therefore no detail is required to be disclosed under Section 134 (3) (ca) of the Act.

Cost Audit:

In compliance with the requirements of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, M/s Vaibhav P Joshi & Associates, Cost Accountants, (Firm Registration No. 101329) was engaged to carry out Audit of Cost Records of the Company for Financial Year 2017-18. Requisite proposal seeking ratification of remuneration payable to the Cost Auditor for FY 2017-18 by the Members as per Rule 14 of Companies (Audit and Auditors) Rules, 2014, forms part of the Notice of ensuing Annual General Meeting.

15. HUMAN RESOURCES & PARTICULARS OF EMPLOYEES

Being in the business of creativity, your Board believes that people are the ultimate differentiators in your Company and efforts are taken to attract, develop and retain employees. In order to ensure sustainable business growth and become future ready, your Company over the years has been focusing on strengthening its talent management, performance management & employee engagement processes. Employees of your Company are trained to drive values and they believe, live and demonstrate the 7 core values of the company - namely Customer First, Go for Big Hairy Audacious Goals (BHAG), Be Frugal, Respect Humility and Integrity, Speed and Agility, Solve big Problems, and Accountability for Results. During the year, your Company has moved on to build a high-trust, high-performance culture and as a result has been ranked amongst the top 100 'India's Best Companies to Work For 2017' as well amongst the Best Company to work for in the Media Industry, in a study conducted by Great Place to Work® Institute and The Economic Times. Your company has been institutionalizing the people philosophy framework "SAMWAD" (Effective Conversation) to ensure that, as part of the key objectives, people managers deliver on organization's expectations of managing outcome and developing people by focusing on their talents. Your company continues to build talent pipeline by engaging and hiring fresh talent from renowned campuses, building capabilities in key business functions through training and development initiatives, breaking the barriers of communication, building a culture of appreciation, recognizing top talent and offering a seamless employee experience by migrating to SAP's SuccessFactors Human Capital Management (HCM). As on March 31, 2018, your Company had 1776 employees.

Requisite disclosures in terms of the provisions of Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 along with statement showing names and other particulars of employees drawing remuneration in excess of the limits prescribed under the said rules is annexed to this report as Annexure D.

16. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company is into the business of Broadcasting of General Entertainment Television Channels and extensively uses world class technology in its Broadcast Operations. However, since this business does not involve any manufacturing activity, most of the Information required to be provided under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, are Nil / Not applicable. The information, as applicable, are given hereunder:

Conservation of Energy

Your Company, being a service provider, requires minimal energy consumption and every endeavor is made to ensure optimal use of energy, avoid wastages and conserve energy as far as possible.

Technology Absorption

Your Company accelerated the use of enabling technologies towards its "customer first initiatives", with special emphasis on quality of content, delivery and reliability, results of which will be evident in the coming years.

The new technology initiatives by your Company span across production, transmission and distribution of content which ensures unparalleled high-quality content delivery with the lowest time to air across any network in India. Production of content for premium channels is based on use of 4K equipment and the transmission networks are upgraded to use high efficiency modes, with near doubling of capacities across its multiple satellite leases which reflect in customer perceived video quality (PVQ) on its channels. Most of the distribution network of your Company has been revamped with the use of very high grade professional multichannel decoders which match the changing ground paradigm of agglomeration of networks, and larger DTH and MSO networks delivering content to millions of digital customers.

Foreign Exchange Earnings & Outgo:

During the Financial Year 2017-18 the Company had Foreign Exchange earnings of ₹ 9,789 Millions (which includes ₹ 7,816 Millions being the Dividend received from an overseas Subsidiary) and outgo of ₹ 566 Millions.

17. DISCLOSURES

- i. **Particulars of loans, guarantees and investments:** Particulars of loans, guarantees and investments made by the Company as required under section 186 (4) of the Companies Act, 2013 and the Listing Regulations are contained in Note No. 37 to the Standalone Financial Statements.
- ii. **Transactions with Related Parties:** All contracts/arrangements/ transactions entered by the Company during the financial year with related parties were on an arm's length basis, in the ordinary course of business and in compliance with the applicable provisions of the Companies Act, 2013 and Listing Regulations. During FY 2017-18, there are no materially significant Related Party Transactions by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All related party transactions, specifying the nature, value and terms of the transactions including the arms-length justification, are placed before the Audit Committee for its approval and statement of all related party transactions carried out is placed before the Audit Committee for its review on a quarterly basis. During the year under review, there have been no materially significant related party transactions by the Company as defined under Section 188 of the Act and Regulations 23 the Listing Regulations and accordingly no transactions are required to be reported in Form AOC-2 as per Section 188 of the Companies Act, 2013.

iii. Risk Management: Your Company has well-defined operational processes to ensure that risks are identified and the operating management is responsible for identifying and implementing mitigation plans for operational and process risk. Key strategic and business risks are identified and managed by senior management team with active participation of Risk Management Committee. The Risks That Matters (RTM) and their mitigation plans are updated and reviewed periodically by the Risk Management Committee of your Board and integrated in the Business plan for each year. The details of constitution, scope and meetings of the Risk Management Committee forms part of the Corporate Governance Report. In the opinion of the Board there are no risks that may threaten the existence of the Company.

iv. Internal Financial Controls and their adequacy: Your Company has adequate internal financial controls and processes for orderly and efficient conduct of the business including safeguarding of assets, prevention and detection of frauds and errors, ensuring accuracy and completeness of the accounting records and the timely preparation of reliable financial information. The Audit Committee evaluates the internal financial control system periodically and at the end of each financial year.

Your Company has adopted accounting policies which are in line with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with the Companies (Indian Accounting Standards) Rules, 2015. These are in accordance with Generally Accepted Accounting Principles in India.

v. Deposits & Unclaimed Dividend/Shares: Your Company has not accepted any public deposit under Chapter V of the Companies Act, 2013.

During the year under review, in terms of provisions of Investors Education and Protection Fund (Awareness and Protection of Investors) Rules, 2014, unclaimed dividend declared by the Company for financial year 2009-10, both interim and Final, aggregating to ₹ 2.28 Million was transferred to Investors Education and Protection Fund.

Additionally, in compliance with the requirements of The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) as amended, your Company had

during the year under review transferred 113,370 Unclaimed Equity Shares of ₹ 1 each to the beneficiary account of IEPF Authority. The said Unclaimed Dividend and/or the Equity Shares can be claimed by the Shareholders from IEPF authority after following process prescribed in IEPF Rules.

vi. Extract of Annual Return: The extract of Annual Return in Form MGT-9 as required under Section 92(3) of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014 is annexed to this report as Annexure E.

vii. Sexual Harassment: Your Company is committed to provide safe and conducive working environment to all its employees and has zero tolerance for sexual harassment at workplace. In line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules thereunder, your Company has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace and has constituted 8 Internal Complaints Committee functioning at various locations to redress complaints regarding sexual harassment.

During the year under review, 3 (three) complaints were received by the Company and were investigated in accordance with the procedure and resolved.

viii. Regulatory Orders: No significant or material orders were passed by the regulators or courts or tribunals which impact the going concern status and Company's operations in future.

18. ACKNOWLEDGEMENTS

Employees are our vital and most valuable assets. Your Directors value the professionalism and commitment of all employees of the Company and place on record their appreciation of the contribution and efforts made by all the employees in ensuring excellent all-round performance. Your Board also thank and express their gratitude for the support and co-operation received from all stakeholders including viewers, producers, customers, vendors, advertising agencies, investors, bankers and regulatory authorities.

For and on behalf of the Board of Directors

Punit Goenka
Managing Director & CEO

Adesh Kumar Gupta
Director

Place: Mumbai
Date: May 10, 2018