



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ZEE ENTERTAINMENT ENTERPRISES LIMITED

REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

We have audited the accompanying consolidated Ind AS financial statements of Zee Entertainment Enterprises Limited (hereinafter referred to as 'the Parent') and its subsidiaries (the Parent and its subsidiaries together referred to as 'the Group'), which includes Group's share of profit/loss in its associates and its joint venture, comprising the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated Ind AS financial statements').

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as 'the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its Associates and Joint venture in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, its associates and its joint venture and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in sub-paragraphs (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries, associates and joint venture referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2018, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

OTHER MATTERS

- (a) We did not audit the financial statements of 26 subsidiaries, whose financial statements reflect total assets of ₹56,797 million as at 31 March 2018, total revenues of ₹31,678 million and net cash outflows amounting to ₹18,440 million for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹6 million for the year ended 31 March 2018, as considered in the consolidated Ind AS financial statements, in respect of one associate and one joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint venture and associate, and our report in terms of sub-Section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associate and joint venture is based solely on the reports of the other auditors.
- (b) We did not audit the financial statements / financial information of 2 subsidiaries, whose financial statements / financial information reflect total assets of ₹1 million as at 31 March 2018, total revenues of ₹8 million and net cash outflows amounting to ₹1 million for the

year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹ nil for the year ended 31 March 2018, as considered in the consolidated Ind AS financial statements, in respect of one associate, whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

Our opinion on the consolidated Ind AS financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and the financial statements / financial information certified by the Management.

The comparative financial information of the Group for the year ended 31 March 2017 prepared in accordance with Ind AS included in these consolidated Ind AS financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on these comparative financial information dated 10 May 2017 expressed an unmodified opinion.

This previously issued financial information for the year ended 31 March 2017 has been restated to give effect to the composite scheme of arrangement among Reliance Big Magic from Reliance Big Broadcasting Private Limited, Big Magic Limited and Azalia Broadcast Private Limited (together referred as transferor entities) and the Group, as explained in note 39a to the financial statements.

The adjustments made to the previously issued financial information of the Group for the year ended 31 March 2017 giving effect to the above mentioned composite scheme of arrangement have been audited by us. Our opinion is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and the other financial information of subsidiaries, associate and joint venture companies incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Parent as on 31 March 2018 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiaries, associate and joint venture companies incorporated in India, none of the directors of the Group companies, its associate companies and joint venture company incorporated in India is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent, subsidiaries, associate and joint venture companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint venture.
 - ii) The Group, its associates and joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii) There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiaries, associate and joint venture companies incorporated in India.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

A. B. Jani
Partner
Membership No. 46488

Mumbai, 10 May 2018



ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(REFERRED TO IN PARAGRAPH 1 (F) UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE) REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (THE ACT)

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of Zee Entertainment Enterprises Limited (hereinafter referred to as 'Parent') and its subsidiary companies, which includes internal financial controls over financial reporting of the Company's subsidiaries, its associate companies and its joint venture, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies, its associate companies and its joint venture, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) issued by the ICAI and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies, associate companies and joint venture, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies, its associate companies and its joint venture, which are companies incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies, its associate companies and its joint venture, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

OTHER MATTERS

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 7 subsidiary companies, 1 associate company and 1 joint venture, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Mumbai, 10 May 2018

A. B. Jani
Partner
Membership No. 46488