

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NDTV CONVERGENCE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **NDTV Convergence Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the 'financial statements').

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control

relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we enclose in the Annexure A statement on the matters specified in paragraph 3 and 4 of the order.
2. As required by section 143(3) of the Act, we report 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;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations as at 31 March 2017 which would impact its financial position;
 - ii. The Company has long-term contracts as at 31 March 2017 for which there were no material foreseeable losses. The Company has no outstanding derivative contracts as at 31 March 2017;
 - iii. The Company does not have any dues on account of Investor Education and Protection fund; and
 - iv. the Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management. Refer Note 39 to the financial statements.

For B S R & Associates LLP
Chartered Accountants
Firm registration number: 116231W/ W-100024

Place: Gurgaon
Date: 12 May 2017

Rakesh Dewan
Partner
Membership number: 092212

Annexure A referred to in our Independent Auditor's Report of even date to the members of NDTV Convergence Limited on the financial statements for the year ended 31 March 2017.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year. As informed to us, the discrepancies noticed on such verification were not material and have been properly dealt with in the books of accounts. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us, the Company does not hold any immovable property in its name. Accordingly, paragraph 3(i)(c) of the Order is not applicable to the Company.
- (ii) According to information and explanations given to us, the Company does not hold any physical inventory. Accordingly, paragraph 3(ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us, the Company has not given any loan, guarantee or security to any parties specified under section 185 and 186 of the Companies Act, 2013. Further, the investments made by the Company are in compliance with section 186 of the Companies Act, 2013.
- (v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax, cess and other statutory dues have generally been regularly deposited by the Company with the appropriate authorities though there has been slight delay in a few cases pertaining to provident fund. As explained to us, the Company did not have any dues on account of duty of excise, duty of customs, employees' state insurance, sales tax and value added tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, cess and other statutory dues were in arrears as at 31 March 2017, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, except as stated below, there are no dues of income tax and service tax which have not been deposited with the appropriate authorities on account of any dispute:

(Amount in Rs. million)

Name of the statute	Nature of the dues	Amount	Year to which amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income tax	18.85	Assessment year 2012-13	Commissioner of Income Tax (Appeals)
Income-tax Act, 1961	Income tax	27.12	Assessment year 2013-14	Commissioner of Income Tax (Appeals)

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks and financial institutions. The Company did not have any outstanding dues to government or debenture holders during the year.

- (ix) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments). Further, as explained to us, the term loans raised during the year has been utilized for the purpose it was raised.

- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

- (xi) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not paid any managerial remuneration as stipulated under the provisions of section 197 read with Schedule V to the Companies Act,

2013. Accordingly, paragraph 3 (xi) of the Order is not applicable to the Company.

- (xii) According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or person connected with him covered by Section 192 of the Act. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For B S R & Associates LLP
Chartered Accountants
Firm registration number: 116231W/ W-100024

Place: Gurgaon
Date: 12 May 2017

Rakesh Dewan
Partner
Membership number: 092212

Annexure B to the Independent Auditor's Report of even date on the financial statements of NDTV Convergence Limited for the year ended 31 March 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

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

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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 generally 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 unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For B S R & Associates LLP

Chartered Accountants

Firm registration number: 116231W/ W-100024

Place: Gurgaon
Date: 12 May 2017

Rakesh Dewan

Partner

Membership number: 092212

NDTV Convergence Limited

(in Rs million)

Balance sheet	Notes	As at March 31, 2017	As at March 31, 2016
Equity and liabilities			
Shareholders' funds			
Share capital	3	0.67	0.67
Reserves and surplus	4	504.58	497.90
		505.25	498.57
Non-current liabilities			
Long-term borrowings	5	550.00	150.00
Other long-term liabilities	6	-	50.00
Long-term provisions	7	15.09	11.12
		565.09	211.12
Current liabilities			
Trade payables	8		
- total outstanding dues of micro enterprises and small enterprises		0.13	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		242.66	263.60
Other current liabilities	9	143.19	215.07
Short-term provisions	7	0.60	0.44
		386.58	479.11
TOTAL		1,456.92	1,188.80
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	15.41	12.51
Intangible assets	11	17.17	24.18
Capital work-in-progress		-	0.36
Non-current investments	12	54.47	131.92
Deferred tax assets (net)	13	8.85	6.07
Long-term loans and advances	14	619.94	385.76
Other non-current assets	15.2	42.81	14.26
		758.65	575.06
Current assets			
Trade receivables	15.1	557.36	470.42
Cash and bank balances	16	68.00	101.07
Short-term loans and advances	14	29.86	34.26
Other current assets	15.2	43.05	7.99
		698.27	613.74
TOTAL		1,456.92	1,188.80
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached.

For B S R & Associates LLP
 Chartered Accountants
 ICAI Firm Registration Number: 116231W /W-100024

For and on behalf of the Board of Directors of
NDTV Convergence Limited

Rakesh Dewan
 Partner
 Membership No. : 092212

K V L Narayan Rao
 Group CEO & Director

Kaushik Dutta
 Independent Director

Place : Gurgaon
 Date : 12 May 2017

Saurav Banerjee
 Director, Finance & Group CFO
 Place: New Delhi
 Date: 5 May 2017

NDTV Convergence Limited

(in Rs million except per share data)

Statement of Profit and Loss	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Income			
Revenue from operations	17	1,217.94	1,145.65
Other income	18	24.99	15.73
Total revenue (I)		1,242.93	1,161.38
Expenses			
Cost of services	19	256.22	265.05
Employee benefit expense	20	326.79	319.85
Operations and administration expenses	21	180.54	176.53
Marketing, distribution and promotion expenses	22	193.65	282.55
Depreciation and amortisation expense	23	12.42	11.84
Finance costs	24	70.72	36.13
Total (II)		1,040.34	1,091.95
Profit before tax and exceptional items (I) – (II)		202.59	69.43
Exceptional item	38	130.08	-
Profit before tax		72.51	69.43
Tax expenses			
Current tax		72.78	29.07
Deferred tax		(2.78)	(4.78)
Total tax expense		70.00	24.29
Profit for the year		2.51	45.14
Earnings per equity share [nominal value of share Rs.10 per share] (previous year Rs.10 per share)	25		
Basic and diluted		37.61	677.07
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached.

For **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 116231W /W-100024

For and on behalf of the Board of Directors of
NDTV Convergence Limited

Rakesh Dewan
Partner
Membership No. : 092212

K V L Narayan Rao
Group CEO & Director

Kaushik Dutta
Independent Director

Place : Gurgaon
Date : 12 May 2017

Saurav Banerjee
Director, Finance & Group CFO
Place: New Delhi
Date: 5 May 2017

NDTV Convergence Limited

(in Rs million)

Cash Flow Statement	Notes	Year ended	Year ended
		March 31, 2017	March 31, 2016
Cash flow from operating activities			
Profit before tax		72.51	69.43
Adjustments for :			
Depreciation/ amortisation		12.42	11.84
Fixed assets written off		-	0.30
Loss/ (Profit) on sale of fixed assets		0.04	(0.14)
Liabilities no longer required written back		(5.29)	(1.50)
Investment written off		-	1.00
Provision for diminution in value of investment		130.08	-
Employee stock compensation expense		4.17	15.41
Provision for gratuity		4.73	3.97
Unrealized foreign exchange loss/(profit)		(1.08)	0.18
Bad debts written off		13.56	3.76
Capital work in process written off		0.36	-
Provision for doubtful debts		10.04	11.28
Provision for doubtful advances		-	0.19
Loan processing fee		14.88	-
Interest expense		55.84	36.13
Interest income		(5.06)	(8.17)
Operating profit before working capital changes		307.20	143.68
Movement in working capital :			
(Decrease)/increase in trade payables		(15.38)	96.22
Decrease in long-term provisions		(0.77)	(1.59)
Increase in short-term provisions		0.16	0.09
Increase in other current liabilities		29.23	54.62
Decrease in other long-term liabilities		(50.00)	(112.35)
Increase in trade receivables		(109.60)	(22.30)
Increase in long-term loans and advances		(252.14)	(99.33)
Decrease in short-term loans and advances		4.40	5.43
Increase in other current assets		(32.59)	(5.00)
Cash (used in)/generated from operations		(119.49)	59.47
Income taxes (paid)/refund		(55.23)	(64.17)
Net cash used in operating activities (A)		(174.72)	(4.70)
Cash flows from investing activities			
Purchase of fixed assets, including capital work in progress and capital advances		(6.41)	(12.41)
Proceeds from sale of fixed assets and capital work in progress		-	6.63
Purchase of investments		(52.63)	(2.97)
Net proceeds from fixed deposits		71.94	(43.23)
Interest received		5.74	8.01
Net cash flow from/ (used in) investing activities (B)		18.64	(43.97)
Cash flows from financing activities			
Proceeds from long-term borrowings		550.00	66.67
Repayment of long-term borrowings		(150.00)	(50.00)
Loan processing fee		(56.95)	-
Proceeds from short-term borrowings		-	73.33
Repayment of short-term borrowings		(100.00)	-
Interest paid		(58.47)	(32.81)
Net cash flow from financing activities (C)		184.58	57.19
Net increase in cash and cash equivalents (A + B + C)		28.50	8.52
Cash and cash equivalents at the beginning of the year		34.40	25.88
Cash and cash equivalents at the end of the year		62.90	34.40
Components of cash and cash equivalents		As at	As at
		March 31, 2017	March 31, 2016
Cash in hand		0.02	0.07
Balance with banks:			
Current account		20.15	14.26
Deposits with original maturity of less than three months		42.73	20.07
Total cash and cash equivalents	16	62.90	34.40
Summary of significant accounting policies	2		

Notes

- The above cash flow statement has been prepared under the indirect method set out in Accounting Standard-3 "Cash Flow Statements" as specified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rule 2014.
- Figures in brackets indicate cash outflow.

As per our report of even date attached

For B S R & Associates LLP
 Chartered Accountants
 ICAI Firm Registration Number: 116231W /W-100024

For and on behalf of the Board of Directors of
NDTV Convergence Limited

Rakesh Dewan
 Partner
 Membership No. : 092212

K V L Narayan Rao
 Group CEO & Director

Kaushik Dutta
 Independent Director

Place : Gurgaon
 Date : 12 May 2017

Saurav Banerjee
 Director, Finance & Group CFO
 Place: New Delhi
 Date: 5 May 2017

NDTV Convergence Limited

Notes to financial statements for the year ended March 31, 2017

1. Corporate information

The Company was incorporated on December 13, 2006 under the provisions of the Companies Act, 1956 and it commenced operations on January 1, 2007 with the purchase of existing website from New Delhi Television Limited, its ultimate parent company. The Company maintains and operates ndtv.com and other web sites. The Company is also a content provider to Mobile VAS operators.

2. Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared and presented under the historical convention on a going concern basis, on the accrual basis of accounting and comply with the Accounting Standards specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, pronouncements of the Institute of Chartered Accountants of India and other accounting principles generally accepted in India, to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest million.

All assets and liabilities have been classified as current or non-current in accordance with the Company's operating cycle and other relevant criteria. Based on the nature of the product or services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current - non current classification of assets and liabilities.

2.2 Use of estimates

In the preparation of the financial statements, the management of the Company makes appropriate estimates and assumptions in conformity with the applicable accounting principles in India that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, and the useful lives of fixed assets and intangible assets.

Provisions: Provisions are recognised where there is a present obligation as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and where it is possible to make a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date and are not discounted to their present value.

Contingent Liability: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.3 Tangible assets

Tangible assets, except in the cases mentioned below, are stated at the cost of acquisition, which includes taxes, duties, freight, insurance and other incidental expenses incurred for bringing the assets to the working condition required for their intended use, less depreciation and impairment.

Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Depreciation on tangible assets is provided on a pro-rata basis on the straight line method over the estimated useful lives of the assets. The useful lives as estimated for tangible assets are in accordance with the useful lives as indicated in Schedule II of the Companies Act, 2013 except for the following class of assets where different useful lives have been used:

Asset head	Useful life (years)
Computers	3-6

The estimates of useful lives of the assets are based on technical evaluation.

Individual assets costing less than Rs. 5,000 are depreciated at the rate of 100% in the year of acquisition.

The useful lives are reviewed by the management at each financial year-end and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the revised remaining useful life.

Any loss arising from the retirement of and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

2.4 Intangible assets

Intangible assets are recognised if they are separately identifiable and the Company controls the future economic benefits arising from them. All other expenses on intangible items are charged to the Statement of Profit and Loss. Intangible assets are stated at cost less accumulated amortisation and impairment.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Amortisation on intangible assets is provided using the Straight Line Method based on the useful lives as estimated by the management. Amortisation is charged on a pro-rata basis for assets purchased/sold during the year. Individual assets costing less than Rs. 5,000 are amortised at the rate of 100% in the year of acquisition. The management's estimates of useful lives for intangible assets are given below:

Asset head	Useful life (years)
Website	6
Computer Software	6

Amortisation method and useful lives are reviewed at each reporting date. If the useful life of an asset is estimated to be significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern.

2.5 Leases

Assets taken on leases where significant risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the lease term.

2.6 Impairment of tangible and intangible assets

The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment, using external and internal sources. If any indication exists, the asset's recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. Impairment occurs where the carrying value of the asset or its cash generating unit exceeds the present value of future cash flows expected to arise from the continuing use of the asset or its cash generating unit and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value of future cash flows from use of the assets as determined above. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

NDTV Convergence Limited
Notes to financial statements for the year ended March 31, 2017

2.7 Revenue recognition

The Company recognises revenue from the display of graphical advertisements (“display advertising”) on the website as “impressions” are delivered. An “impression” is delivered when an advertisement appears in pages viewed by users.

The Company recognizes revenue from the display of text based links to the websites of its advertisers (“search advertising”) which are placed on the website. Search advertising revenue is recognized as “click through” occur. A “click-through” occurs when a user clicks on an advertiser’s listing.

Revenue from sale of licenses and services is recognized as per terms of contract when no significant uncertainty exists with respect to ultimate collection.

Revenue from events is recognised as the services are provided.

Revenue from content provided to Mobile VAS operators is recognized when services are rendered and no significant uncertainty exists with respect to ultimate collection.

2.8 Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is also presented under ‘current assets’ as ‘current portion of long term investments’.

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

2.9 Foreign currency transactions

Transactions in foreign currency are recorded at the rates of exchange in force at the time of the transactions are affected. All monetary assets and liabilities denominated in foreign currency are restated at the year-end exchange rate. All non-monetary assets and liabilities are stated at the rates prevailing on the dates of the transactions.

Gains/(losses) arising out of fluctuations in the exchange rates are recognized as income/expense in the period in which they arise.

2.10 Employee benefits

Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages and bonus. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

Defined contribution plans

The Company’s provident fund scheme is a defined contribution plan. The Company’s contribution paid/payable under the scheme is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plans

The Company’s gratuity benefit scheme is defined benefit plan. The Company’s net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company’s obligation under the plan is performed annually by a qualified actuary using the projected unit credit method.

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the Statement of Profit and Loss. All expenses related to defined benefit plans are recognised in employee benefits expense in the Statement of Profit and Loss. The Company recognizes gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

2.11 Employee share based payments

The Company calculates the employee stock compensation expense based on the intrinsic value method wherein the excess of market price of underlying equity shares as on the date of the grant of options over the exercise price of the options given to employees under the Employee Stock Option Scheme of the Company is recognized as deferred stock compensation expense and is amortized over the vesting period in accordance with the accounting treatment.

2.12 Earnings per share (EPS)

Basic EPS

The earnings considered in ascertaining the Company’s basic EPS comprise the net profit/(loss) after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

Diluted EPS

The net profit / (loss) after tax and the weighted average number of shares outstanding during the year are adjusted for all the effects of dilutive potential equity shares for calculating the diluted EPS, except when the results will be anti-dilutive.

2.13 Other income

Interest income : Interest income is recognised on a proportion of time basis taking into account the principal outstanding and the rate applicable.

2.14 Unamortised finance charges

Costs incurred in raising funds are amortized on straight line basis over the period for which the funds have been obtained, using time proportionate basis.

2.15 Taxes on income

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in profit or loss except that tax expense related to items recognised directly in reserves is also recognised in those reserves.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

2.16 Cash and cash equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, and other short-term highly liquid investments with original maturities of three months or less.

NDTV Convergence Limited

Notes to financial statements for the year ended March 31, 2017

3. Share capital

	(in Rs million)	
	As at March 31, 2017	As at March 31, 2016
Authorised		
3,000,000 (Previous year 3,000,000) Equity shares of Rs.10 each	30.00	30.00
23,000,000 (Previous year 23,000,000) Preference shares of Rs.10 each	230.00	230.00
Issued, subscribed and fully paid-up equity shares		
66,671 (Previous year 66,671) Equity shares of Rs.10 each, fully paid up	0.67	0.67
Total	0.67	0.67

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	As at March 31, 2017		As at March 31, 2016	
	Numbers	Rs in million	Numbers	Rs in million
At the beginning of the year	66,671	0.67	66,671	0.67
Outstanding at the end of the year	66,671	0.67	66,671	0.67

(b) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

Equity shares	As at March 31, 2017		As at March 31, 2016	
	Numbers	Rs in million	Numbers	Rs in million
Equity shares of Rs. 10 each fully paid up held by:				
NDTV Networks Limited, holding company	50,003	0.50	50,003	0.50
New Delhi Television Limited, ultimate holding company	11,334	0.11	11,334	0.11
	61,337	0.61	61,337	0.61

(c) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2017		As at March 31, 2016	
	Numbers	% holding	Numbers	% holding
Equity shares of Rs. 10 each fully paid up held by:				
NDTV Networks Limited	50,003	75%	50,003	75%
New Delhi Television Limited	11,334	17%	11,334	17%

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

(d) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible to one vote per share held. On winding up of the company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

4. Reserves and surplus

	(in Rs million)	
	As at March 31, 2017	As at March 31, 2016
Securities premium account		
Balance as at the beginning of the year	236.35	236.35
Balance as at the end of the year	236.35	236.35
Employee stock options outstanding account		
Compensation for options granted till date	47.29	49.04
Less: deferred employee stock compensation	(5.38)	(11.30)
Closing balance	41.91	37.74
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	223.81	178.67
Profit for the year	2.51	45.14
Balance as at the end of the year	226.32	223.81
Total reserves and surplus	504.58	497.90

NDTV Convergence Limited

Notes to financial statements for the year ended March 31, 2017

5. Long-term borrowings

(in Rs million)

	Non-current portion		Current maturities	
	As at	As at	As at	As at
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Secured				
Term loan from financial institution/ bank	550.00	150.00	-	100.00
	550.00	150.00	-	100.00
Amount disclosed under the head "Other current liabilities" (refer note 9)	-	-	-	(100.00)
	550.00	150.00	-	-

The nature of security and key terms of repayment are as follows:

Nature of Security	Terms of repayment
The term loan from Aditya Birla Finance Limited amounting to Rs.550 million (previous year Rs.nil) is secured by : 1) Charge on all current and fixed assets of Company, inter alia: - Pledge of investments of Rs. 52.5 million (previous year Rs. Nil) in mutual funds (refer note 12). 2) The ultimate holding company and the holding company have issued an unconditional and irrevocable guarantees in favour of the Company to the extent of Rs.550 million (previous year Rs. Nil) each. These guarantees are valid till the tenure of the loan. 3) The ultimate holding company has created a charge in favour of lender on its properties of Rs.50 million.	32 equal quarterly instalments amounting to Rs.17.19 million(previous year Rs.nil) each after moratorium of 24 months from the date of first disbursement. i.e. July 26, 2016. Effective rate of interest as on March 31, 2017 is 13% per annum.
The term loan from Yes Bank Limited amounting to Rs. Nil (previous year Rs. 250 million) is secured by : 1) Charge on all current and fixed assets of the Company, inter alia: a) Fixed Deposits of Rs.nil (previous year Rs.35 million) under lien with bank. b) Fixed Deposit of Rs.nil (previous year Rs.9.45 million) equivalent to 3 months interest on Term loan under lien with bank. 2) The ultimate holding company and the holding company have issued an unconditional and irrevocable guarantees in favour of the Company to the extent of Rs. Nil (previous year Rs. 350 million and Rs. 300 million respectively). These guarantees are valid till the tenure of the loan. 3) The ultimate holding company has created a charge in favour of bank on its under construction properties of Rs. Nil (previous year Rs. 50 million).	36 equal monthly instalments amounting to Rs. nil (previous year Rs.8.33 million) each after moratorium of 12 months from the date of first disbursement. i.e. September 30, 2014. Rate of Interest is bank's base rate plus 1.75% per annum payable on monthly rests. Effective rate of interest as on March 31, 2016 is 12% per annum (previous year 12%).

6. Other long-term liabilities

(in Rs million)

	As at	As at
	March 31, 2017	March 31, 2016
Security deposit	-	50.00
	-	50.00

7. Provisions

(in Rs million)

	Long term		Short term	
	As at	As at	As at	As at
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Provision for employee benefits				
Provision for gratuity (Refer note 26)	15.09	11.12	0.60	0.44
	15.09	11.12	0.60	0.44

8. Trade payables

(in Rs million)

	As at	As at
	March 31, 2017	March 31, 2016
Trade payables		
-total outstanding dues of micro enterprises and small enterprises (refer note 33)	0.13	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	242.66	263.60
	242.79	263.60

NDTV Convergence Limited

Notes to financial statements for the year ended March 31, 2017

9. Other current liabilities

(in Rs million)

	As at March 31, 2017	As at March 31, 2016
Current maturities of long term borrowings (refer note 5)	-	100.00
Income received in advance/deferred income	87.89	55.32
Employee benefits payable	34.77	43.74
Statutory dues payable	17.78	12.25
Interest accrued on borrowings (refer note 5)	-	2.63
Payable against purchase of fixed assets	1.98	0.46
Advance from customers	0.40	0.67
Book overdraft	0.37	-
	143.19	215.07

10. Tangible assets

(in Rs million)

	Computers	Office equipment	Plant and machinery	Furnitures and fixtures	Vehicles	Total
Gross block						
As at April 01, 2016	23.01	3.44	4.60	0.05	0.69	31.79
Additions	3.99	0.90	2.73	0.06	-	7.68
Disposals	0.05	-	-	-	-	0.05
As at March 31, 2017	26.95	4.34	7.33	0.11	0.69	39.42
Depreciation						
As at April 01, 2016	15.00	2.38	1.59	0.02	0.29	19.28
Charge for the year	2.90	0.65	1.00	0.06	0.13	4.74
Disposals	0.01	-	-	-	-	0.01
As at March 31, 2017	17.89	3.03	2.59	0.08	0.42	24.01
Net block						
As at March 31, 2017	9.06	1.31	4.74	0.03	0.27	15.41

(in Rs million)

	Computers	Office equipment	Plant and machinery	Furnitures and fixtures	Vehicles	Total
Gross Block						
As at April 01, 2015	22.71	3.33	2.25	-	0.69	28.98
Additions	4.69	0.74	2.46	0.12	-	8.01
Disposals	4.39	0.63	0.11	0.07	-	5.20
As at March 31, 2016	23.01	3.44	4.60	0.05	0.69	31.79
Depreciation						
As at April 01, 2015	13.43	1.99	1.06	-	0.16	16.64
Charge for the year	2.99	0.88	0.53	0.02	0.13	4.55
Disposals	1.42	0.49	-	-	-	1.91
As at March 31, 2016	15.00	2.38	1.59	0.02	0.29	19.28
Net block						
As at March 31, 2016	8.01	1.06	3.01	0.03	0.40	12.51

11. Intangible assets

(in Rs million)

	Computer software	Website	Total
Gross block			
As at April 01, 2016	31.32	26.64	57.96
Additions	0.67	-	0.67
As at March 31, 2017	31.99	26.64	58.63
Amortisation			
As at April 01, 2016	18.30	15.48	33.78
Charge for the year	4.70	2.98	7.68
As at March 31, 2017	23.00	18.46	41.46
Net block			
As at March 31, 2017	8.99	8.18	17.17

(in Rs million)

	Computer software	Website	Total
Gross block			
As at April 01, 2015	29.96	22.52	52.48
Additions	1.36	4.12	5.48
As at March 31, 2016	31.32	26.64	57.96
Amortisation			
As at April 01, 2015	13.65	12.84	26.49
Charge for the year	4.65	2.64	7.29
As at March 31, 2016	18.30	15.48	33.78
Net block			
As at March 31, 2016	13.02	11.16	24.18

NDTV Convergence Limited

Notes to financial statements for the year ended March 31, 2017

12. Non-current investments

(in Rs million)

	As at March 31, 2017	As at March 31, 2016
Trade investments (valued at cost unless stated otherwise)		
Unquoted		
Investment in associates		
NDTV Ethnic Retail Limited (refer note 35.1 and 38) - 45,700 equity shares (Previous year 32,314) of Rs.2,846.37 (Previous year Rs.4,021.22) each fully paid up, net of provision for diminution in investment of Rs. 130.08 million (previous year Rs.nil)	-	129.95
Fifth Gear Ventures Limited (refer note 35.1) - 21,000 (Previous year 21,000) equity shares of Rs.10 each fully paid up	0.21	0.21
On Demand Transportation Limited (refer note 35.1) - 25,000 (Previous year 25,000) equity shares of Rs.10 each fully paid up	0.25	0.25
Special Occasions Limited (refer note 35.1) - 25,000 (Previous year 25,000) equity shares of Rs.10 each fully paid up	0.25	0.25
Brick Buy Brick Project Limited (refer note 35.1) - 20,000 (Previous year 20,000) equity shares of Rs.10 each fully paid up	0.20	0.20
Redster Digital Limited (refer note 35.1) - 25,000 (Previous year 25,000) equity shares of Rs.10 each fully paid up	0.25	0.25
OnArt Quest Limited (refer note 35.1) - 21,250 (Previous year 21,250) equity shares of Rs.10 each fully paid up	0.21	0.21
Investment in subsidiaries		
Red Pixels Ventures Limited (refer note 35.1) - 30,000 (Previous year 30,000) equity shares of Rs.10 each fully paid up	0.30	0.30
SmartCooky Internet Limited (refer note 35.1) - 30,000 (Previous year 30,000) equity shares of Rs.10 each fully paid up	0.30	0.30
Quoted		
Mutual Fund		
Birla Sun Life Savings Fund - Growth - Direct Plan (refer note 5) - 172,540.83 units (Previous year nil)	52.50	-
	54.47	131.92
Aggregate amount of quoted investments (net of provision other than temporary diminution)	52.50	-
Market value of quoted investments	55.23	-
Aggregate amount of unquoted investments (net of provision other than temporary diminution)	1.97	131.92
Aggregate provision other than for temporary diminution in the value of investment	130.08	-

13. Deferred tax asset (net)

(in Rs million)

	As at March 31, 2017	As at March 31, 2016
Deferred tax liability		
Impact of difference between tax depreciation and depreciation/ amortization charged in the books of accounts.	(5.92)	(7.04)
Sub total (A)	(5.92)	(7.04)
Deferred tax asset		
Expenditure allowed for tax purposes on payment basis	5.43	3.82
Provision for doubtful debts and advances	9.34	9.29
Sub total (B)	14.77	13.11
Net deferred tax asset (A+B)	8.85	6.07

NDTV Convergence Limited

Notes to financial statements for the year ended March 31, 2017

14. Loans and advances

	(in Rs million)			
	Long term		Short term	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Security deposit				
Unsecured, considered good	1.57	1.57	-	-
Unsecured, considered doubtful	0.69	0.69	-	-
	2.26	2.26	-	-
Provision for doubtful security deposit	(0.69)	(0.69)	-	-
	1.57	1.57	-	-
Capital advances				
Unsecured, considered good	1.72	-	-	1.30
	1.72	-	-	1.30
Loans and advances to related parties				
Security deposit *	550.00	300.00	-	-
Advances to suppliers **	-	-	0.82	7.49
	550.00	300.00	0.82	7.49
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	0.03	0.54
Other loans and advances (Unsecured, considered good)				
Advance income tax (net of provision of income tax of Rs. 226.42 million) (previous year Rs. 153.64 million)	66.65	84.19	-	-
Prepaid expenses	-	-	2.38	6.81
Advances and imprest to employees	-	-	1.25	2.06
Due from government authorities	-	-	25.38	16.06
	619.94	385.76	29.86	34.26

* represent security deposit given to New Delhi Television Limited, ultimate holding company.

** represent advance given to New Delhi Television Limited, ultimate holding company.

15.1 Trade receivables

	(in Rs million)	
	As at March 31, 2017	As at March 31, 2016
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	58.88	17.87
Unsecured, considered doubtful	26.31	27.41
	85.19	45.28
Provision for doubtful receivables	(26.31)	(27.41)
	58.88	17.87
Others		
Unsecured, considered good	498.48	452.55
	557.36	470.42

15.2 Other assets

	(in Rs million)			
	Non current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Bank deposits (due to mature after 12 months from the reporting date*) [Refer note 5 and 16]	-	10.37	-	-
Unamortised finance charges	42.81	3.57	5.22	2.39
Interest accrued on fixed deposits	-	0.32	0.24	0.60
Unbilled revenue	-	-	37.59	5.00
Total	42.81	14.26	43.05	7.99

* Includes deposits amounting to Rs. Nil (previous year Rs. 9.45 million) held as lien by bank against long term borrowings.

16. Cash and bank balances

	(in Rs million)			
	Non current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Cash and cash equivalents				
Cash in hand	-	-	0.02	0.07
Balances with banks:				
Current accounts	-	-	20.15	14.26
Deposits with original maturity of less than three months*	-	-	42.73	20.07
	-	-	62.90	34.40
Other bank balances				
Deposits due to mature within 12 months of the reporting date.**	-	-	5.10	31.67
Deposits due to mature after 12 months of the reporting date	-	0.81	-	-
Margin money deposit (Refer note 5)	-	9.55	-	35.00
Amount disclosed under "other non-current assets" (note 15.2)	-	(10.37)	-	-
	-	-	68.00	101.07

* Includes deposits amounting to Rs. Nil (previous year Rs. 16.33 million) held as lien by bank against long term borrowings.

** Includes deposits amounting to Rs. Nil (previous year Rs. 18.67 million) held as lien by bank against long term borrowings.

NDTV Convergence Limited

Notes to financial statements for the year ended March 31, 2017

17. Revenue from operations	(in Rs million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from operations		
Advertisement revenue	1,000.18	819.55
Mobile VAS revenue	165.04	211.14
Event revenue	18.89	39.53
Consultancy	26.73	48.89
Sale of license	1.25	1.25
Other business income	0.56	23.79
Other operating revenue		
Liabilities no longer required written back	5.29	1.50
Total	1,217.94	1,145.65

18. Other income	(in Rs million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Interest income on bank deposits	5.06	8.17
Foreign exchange fluctuation (net)	-	5.18
Profit on sale of fixed assets	-	0.14
Miscellaneous income	19.93	2.24
Total	24.99	15.73

19. Cost of services	(in Rs million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Consultancy and professional fee	11.78	18.32
Subscription, footage and news service	40.39	48.84
Website hosting and streaming	115.06	120.05
Production expenses	69.86	60.34
Travelling expenses	6.73	5.81
Trade mark/License fee	12.40	11.69
Total	256.22	265.05

20. Employee benefits expense	(in Rs million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages and other benefits	304.76	286.15
Contribution to provident fund	15.83	14.68
Staff welfare	2.92	3.61
Employee stock compensation expenses	3.28	15.41
Total	326.79	319.85

21. Operations and administration expenses	(in Rs million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Rent	19.86	19.42
Rates and taxes	3.96	1.50
Electricity and water	5.89	6.57
Printing and stationery	0.19	0.18
Postage and courier	0.11	0.11
Books, periodicals and news papers	3.09	4.98
Local conveyance, travelling and taxi hire	5.27	5.27
Business promotion	2.08	2.12
Repair and maintenance		
- Plant and machinery	1.21	1.08
Expenditure towards corporate social responsibility (refer note 37)	-	2.26
Auditors remuneration*	1.03	1.03
Bank charges	2.07	0.61
Insurance	6.54	5.71
Communication	7.05	8.78
Vehicle running and maintenance	23.95	25.04
Staff training	-	1.11
Provision for doubtful debts	10.04	11.28
Provision for doubtful advances	-	0.19
Bad debt and doubtful advances written off	24.70	4.27
Less: Adjusted with provision	(11.14)	(0.51)
Advances written off	13.56	3.76
Legal, professional and consultancy	68.29	71.68
Loss on sale of fixed assets	0.04	-
Fixed asset written off	-	0.30
Provision for investment written off	-	1.00
Foreign exchange loss - net	3.13	-
Capital work-in-progress written off	0.36	-
Miscellaneous expenses	2.82	2.55
Total	180.54	176.53

NDTV Convergence Limited

Notes to financial statements for the year ended March 31, 2017

		(in Rs million)	
		Year ended	Year ended
		March 31,2017	March 31,2016
* Auditors remuneration			
As auditor:			
Audit fee		0.95	0.95
Reimbursement of expenses		0.08	0.08
Total		1.03	1.03

		(in Rs million)	
		Year ended	Year ended
		March 31,2017	March 31,2016
22. Marketing, distribution and promotion expenses			
Digital marketing for desktop and mobile websites		80.40	88.76
Mobile VAS		89.17	127.27
Others		24.08	66.52
		193.65	282.55

		(in Rs million)	
		Year ended	Year ended
		March 31,2017	March 31,2016
23. Depreciation and amortisation expense			
Depreciation of tangible assets		4.74	4.55
Amortisation of intangible assets		7.68	7.29
		12.42	11.84

		(in Rs. million)	
		Year ended	Year ended
		March 31,2017	March 31,2016
24. Finance costs			
Interest			
On long term borrowings (refer note 5)		55.72	33.72
Others		0.12	0.02
Amortization of finance charges		9.38	2.39
Guarantee commission (refer note 5)		5.50	-
Total		70.72	36.13

		(in Rs million Except per share data)	
		Year ended	Year ended
		March 31,2017	March 31,2016
25. Earnings per share (EPS)			
Profit attributable to equity shareholders		2.51	45.14
Number of equity shares outstanding at the beginning of the year (Nos.)		66,671	66,671
Number of equity shares outstanding at year end (Nos.)		66,671	66,671
Weighted average number of equity shares outstanding during the year for Basic EPS (Nos.)		66,671	66,671
Weighted average number of equity shares outstanding during the year for Diluted EPS (Nos.)		66,671	66,671
Basic earnings per equity share (Rs.)		37.61	677.07
Diluted earnings per equity share (Rs.)		37.61	677.07
Nominal value per share (Rs)		10	10

NDTV Convergence Limited

Notes to financial statements for the year ended March 31, 2017

26. Post-employment benefit plan (Gratuity)

The Company provides for long term defined benefit schemes of gratuity on the basis of actuarial valuation on the Balance Sheet date based on the Projected Unit Credit Method. The Company recognizes the actuarial gains and losses in the Statement of Profit & Loss as income and expense in the period in which they occur.

The reconciliation of opening and closing balances of the present value of the defined benefit obligations are as below: (in Rs million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Changes in the present value of the obligation:		
Obligations at year beginning	11.56	9.09
Service Cost – Current	2.13	1.87
Acquisition adjustment	-	(0.74)
Interest cost	0.89	0.68
Actuarial (gain) / loss	1.73	1.42
Benefit paid	(0.62)	(0.76)
Obligations at year end	15.69	11.56
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Present value of the defined benefit obligations at the end of the year	15.69	11.56
Fair value of the plan assets at the end of the year	-	-
Liability recognized in the Balance Sheet	15.69	11.56
Expense recognised in the Statement of Profit and Loss		
Service Cost – Current	2.13	1.87
Interest Cost	0.89	0.68
Actuarial (gain) / loss	1.72	1.42
Total cost included in the employee benefits	4.74	3.97

The principal assumptions used in determining post-employment benefit obligations are shown below:

Discount rate	7.50%	7.70%
Future salary increases	20% for 1st year, 15% for 2nd year, 10% for 3rd year, 7.5% for 4th year and 5% thereafter.	20% for 1st year, 15% for 2nd year, 10% for 3rd year, 7.5% for 4th year and 5% thereafter.
Expected return on plan assets	-	-

Experience adjustments (in Rs million)

Particulars	March 31,				
	2017	2016	2015	2014	2013
(Gain) / Loss on plan liabilities	0.20	1.27	(0.08)	0.99	0.66
% of Opening plan liabilities	1.7%	14%	-2%	27%	30%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. The demographic assumptions were as per the published rates of "Life Insurance Corporation of India (2006-08) Mortality Table (ultimate), which is considered a standard table.

Expected contribution to gratuity fund for next financial year is Rs.18.04 million (previous year Rs.2.24 million).

NDTV Convergence Limited**Notes to financial statements for the year ended March 31, 2017****27. Related party disclosures**

I. Names of related parties, where control exists or with whom transactions were carried out during each year and description of relationship as identified and certified by the management:

New Delhi Television Limited	Ultimate Holding Company
NDTV Networks Limited	Holding Company
NDTV Media Limited	Fellow Subsidiary
NDTV Labs Limited	Fellow Subsidiary
NDTV Lifestyle Limited	Fellow Subsidiary
NDTV Worldwide Limited	Fellow Subsidiary
NDTV Lifestyle Holdings Limited	Fellow Subsidiary
Red Pixels Ventures Limited	Subsidiary
SmartCooky Internet Limited	Subsidiary
Red Pixel Gadgets Limited	Subsidiary
SmartCooky Ventures Limited	Subsidiary till March 27, 2017
BrickbuyBrick Ventures Limited	Associate till March 21, 2017
Fifth Gear Ventures Limited	Associate
Fifth Gear Auto Limited	Associate till March 21, 2017
Special Occasions Limited	Associate
On Demand Transportation Technologies Limited	Associate
BrickBuyBrick Projects Limited	Associate
Redster Digital Limited	Associate
OnArt Quest Limited	Associate
NDTV Ethnic Retail Limited	Associate

Key management Personnel (KMP) and their relatives

Dr. Prannoy Roy	Director till April 14, 2017
Radhika Roy	Director till April 14, 2017
K.V.L. Narayan Rao	Group CEO & Director (w.e.f. October 27, 2016)
Vikramaditya Chandra	Group CEO & Director (till October 27, 2016)
Saurav Banerjee	Director, Finance & Group CFO
Seema Chandra	Relative of Director (till October 27, 2016)
Brinda Karat	Relative of Director

NDTV Convergence Limited

Notes to financial statements for the year ended March 31, 2017

Nature of relationship / transaction	Ultimate holding company		Holding company		Fellow subsidiaries		Subsidiaries		Associate		Relatives		KMP		Total	
	Year ended March 31,		Year ended March 31,		Year ended March 31,		Year ended March 31,		Year ended March 31,		Year ended March 31,		Year ended March 31,		Year ended March 31,	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Pledge of under construction property (ii)																
New Delhi Television Limited	50.00	50.00	-	-	-	-	-	-	-	-	-	-	-	-	50.00	50.00
Investment																
Red Pixels Ventures Limited	-	-	-	-	-	-	-	0.30	-	-	-	-	-	-	-	0.30
Red Pixel Gadgets Limited	-	-	-	-	-	-	-	0.29	-	-	-	-	-	-	-	0.29
SmartCooky Internet Limited	-	-	-	-	-	-	-	0.30	-	-	-	-	-	-	-	0.30
SmartCooky Ventures Limited	-	-	-	-	-	-	-	0.29	-	-	-	-	-	-	-	0.29
BrickbuyBrick Ventures Limited	-	-	-	-	-	-	-	-	-	0.19	-	-	-	-	-	0.19
Fifth Gear Ventures Limited	-	-	-	-	-	-	-	-	-	0.21	-	-	-	-	-	0.21
Fifth Gear Auto Limited	-	-	-	-	-	-	-	-	-	0.24	-	-	-	-	-	0.24
Special Occasions Limited	-	-	-	-	-	-	-	-	-	0.25	-	-	-	-	-	0.25
On Demand Transportation Technologies Limited	-	-	-	-	-	-	-	-	-	0.25	-	-	-	-	-	0.25
NDTV Ethnic Retail Ltd	-	-	-	-	-	-	-	-	0.13	-	-	-	-	-	0.13	-
BrickBuyBrick Projects Limited	-	-	-	-	-	-	-	-	-	0.20	-	-	-	-	-	0.20
Redster Digital Limited	-	-	-	-	-	-	-	-	-	0.25	-	-	-	-	-	0.25
OnArt Quest Limited	-	-	-	-	-	-	-	-	-	0.21	-	-	-	-	-	0.21
Security Deposit received																
New Delhi Television Limited	-	15.00	-	-	-	-	-	-	-	-	-	-	-	-	-	15.00
Security Deposit paid																
New Delhi Television Limited	250.00	140.00	-	-	-	-	-	-	-	-	-	-	-	-	250.00	140.00
Security Deposit refunded																
New Delhi Television Limited	50.00	-	-	-	-	-	-	-	-	-	-	-	-	-	50.00	-
Professional consultancy fees																
Seema Chandra	-	-	-	-	-	-	-	-	-	-	1.56	3.46	-	-	1.56	3.46
Mr. K V L Narayan Rao	-	-	-	-	-	-	-	-	-	-	-	-	8.87	5.02	8.87	5.02
Subscription News Fees																
Brinda Karat	-	-	-	-	-	-	-	-	-	-	0.18	0.21	-	-	0.18	0.21

Amount due to/from related parties as on March 31, 2017

(in Rs million)

Particulars	Ultimate holding company		Holding Company		Fellow subsidiary		Subsidiaries		Associate	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Receivable										
Trade receivables *	141.75	118.43	-	-	3.14	2.14	19.11	16.97	31.11	23.94
Loans and advances	0.82	7.49	-	-	-	-	-	-	-	-
Security deposit paid	550.00	300.00	-	-	-	-	-	-	-	-
Payable										
Trade payable	103.69	107.36	3.03	-	7.15	12.15	3.02	2.88	0.38	0.02
Security deposit received	-	50.00	-	-	-	-	-	-	-	-
Income received in advance	-	-	-	-	-	-	-	-	87.89	55.32

* Rs.13.7 million receivable (net) from Smart Cooky Internet Limited has been written off.

(i) The Ultimate Holding Company alongwith Holding Company has given a corporate guarantee of Rs 550 million (previous year Rs 300.00 million) towards a term loan obtained by the Company. As of March 31, 2017 the Company has drawn Rs.550 million of this the loan (previous year Rs 300.00 million) and the outstanding amount as on March 31, 2017 is Rs.550 million (previous year Rs. 250 million)

(ii) The Ultimate Holding Company has created a charge amounting to Rs 50 million ((previous year Rs 50 million (on its properties under construction properties)) on its properties to support a term loan obtained the Company.

III. The Company along with its Ultimate Holding Company have incubated e-commerce verticals during the previous year to unlock the shareholders' value and accelerate the Company's leadership position on internet using transaction based model. As part of incubation of new ecommerce businesses as promoter of these companies, the Company and Ultimate Holding Company, had agreed to provide patronage through marketing and promotional support for 3 years including but not limited to advertising on NDTV channels, both domestic and international, bands on NDTV channels only out of unsold inventory, anchor mentions, programme names, night time programming, promotional product launches, access to the homepage, redirection of visitors/traffic from the website of NCL to the website of the ecommerce verticals on no charge, best effort basis. The Company and Ultimate Holding Company would not be incurring any incremental costs as a result of providing such services but will accommodate and support these new companies by contribution of residuary resources in a gratuitous manner. This is in expectation of future benefits that are expected to flow to all shareholders of the Company and Ultimate Holding Company.

NDTV Convergence Limited

Notes to financial statements for the year ended March 31, 2017

28. Employee stock option plans

Description of share-based payment arrangements

As at March 31, 2017 the Company has the following share-based payment arrangement for employees.

Employee Stock Option Plan - ESOP (CONVERGENCE) - 2007

This plan entitles certain employees and directors of the Company to purchase the common shares of the Company at the exercise price, subject to compliance with vesting conditions. All exercised options shall be settled by allotment of shares. Upon vesting, the employees can acquire one common share of the Company for every option.

The terms and conditions related to the grant of the share options are as follows:

Grant date/employees entitled	Number of options granted	Vesting conditions	Contractual life of options
Opening outstanding options as of April 1, 2016 granted to the employees of the Company	3,029	Refer notes	4-12 years
Less : Options forfeited during the year ended March 31, 2017	(100)		
Total share options as of March 31, 2017	2,929		

Note:

1. For the options granted, total vesting period is 48 months. 50% of the options granted will vest after the completion of 24 months of the continuous service from the grant date and the balance 50% will vest after the completion of 48 months of the continuous service from the grant date.

Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under employee stock option plans are as follows:

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of options	Weighted average exercise price (Amount in Rs)	No. of options	Weighted average exercise price (Amount in Rs)
Outstanding at the beginning of the year	3,029	10	3,029	10
Granted during the period	-	-	-	10
Forfeited during the period	(100)	10	-	-
Outstanding at the end of the period	2,929	10	3,029	10
Exercisable at the end of the period	1,464	10	967	-

The options outstanding at March 31, 2017 have an exercise price of Rs.10 and a weighted average contractual life of 8.98 years (previous year 9.98 years).

As permitted by the guidance note on the subject issued by the Institute of Chartered Accounts of India, the Company has elected to account for stock options based on their intrinsic value (i.e. the excess of quoted market price of the underlying share over the exercise price) at the grant date rather than their fair value at that date. Had the compensation cost for employee stock options been determined on the basis of the fair value approach as described in the ICAI guidance note, the Company's net profit after tax and basic earnings per share would have been as per the proforma amounts shown below:

Particulars	(in Rs million except per share data)	
	Year ended March 31, 2017	Year ended March 31, 2016
Net profit as reported	2.51	45.14
Add: Employee stock option compensation expense as per intrinsic value method [includes Rs Nil related to previous period (previous year Rs 1.81 million)]	4.17	15.41
Less: Employee stock option compensation expense as per fair value [includes Rs Nil related to previous period (previous year Rs 1.81 million)]	(4.17)	(15.40)
Adjusted proforma net profit	2.51	45.15
Profit per share		
As reported - basic	37.61	677.07
As reported - diluted	37.61	677.07
Adjusted proforma - basic	37.66	677.15
Adjusted proforma - diluted	37.66	677.15

For purposes of the above proforma disclosures, the weighted average grant date fair value of options granted during the previous year was Rs 13,859

NDTV Convergence Limited

Notes to financial statements for the year ended March 31, 2017

29. Contingent liabilities

Bank guarantees for Rs.0.10 million (previous year Rs.0.10 million) in favour of government authorities towards registration under sales tax authorities.

30. Expenditure in foreign currency

	(in Rs million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Subscription, footage and news service	5.96	6.84
Website hosting and streaming	45.45	40.66
Travelling	4.41	2.46
Marketing, distribution and promotions expenses	32.64	124.63
Others (including production expenses, business promotion, meeting expenses, etc)	7.95	2.26
	96.41	176.85

31. Earnings in foreign currency

	(in Rs million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Mobile VAS revenue	18.21	14.22
Advertisement revenue	295.98	268.16
Other business income	0.39	0.75
	314.58	283.13

32. CIF value of imports

	(in Rs million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Capital Goods	0.29	0.42
	0.29	0.42

33. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Particulars	(in Rs million)	
	As at March 31, 2017	As at March 31, 2016
(a) The amounts remaining unpaid to micro, small and medium enterprises as at the end of the year		
- Principal	0.13	Nil
- Interest	Nil	Nil
(b) The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006	Nil	Nil
(c) The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	Nil	Nil
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprises Development Act, 2006	Nil	Nil
(e) The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the Micro Small and Medium Enterprises Development Act, 2006	Nil	Nil

34. Segment information

The Company considers its business segment i.e. online/digital broadcast media as its primary segment. The entire operations are governed by the similar set of risks and returns and hence, the same has been considered as representing a single primary segment. The Company does not have operations in economic environments with different risks and returns; hence, it is considered as operating in a single geographical segment.

Since the Company's business activity falls within a single business and geographical segment, there are no additional disclosures to be provided under Accounting Standard – 17.

35.1 Non Current Investment

During the previous year, the Company along with New Delhi Television Limited (the ultimate holding company) incorporated 8 new group entities with primary focus on e-commerce. The Company was the initial subscriber to the memorandum of association in these newly formed companies.

During the current year the company has made a provision amounting to Rs.130.08 million for diminution in the value of its investment in NDTV Ethnic Retail Limited. The above provision has been made on the basis of fair valuation of NDTV Ethnic Retail Limited as assessed by the management (refer note 38).

35.2 Current Investment

On account of internal rearrangement of the group companies, new companies named BrickbuyBrick Ventures Ltd, Fifth Gear Auto Ltd, Red Pixel Gadgets Ltd and Smart Cookie Ventures Ltd were incorporated during the year ended March 31, 2016 to carry on business activities which would have otherwise been carried on by these companies. Accordingly, the Board of Directors of these companies in their meeting held on December 2, 2015 approved the proposal to make an application to the Registrar of Companies (ROC) for striking off the name of these companies from the Register of Companies maintained by the ROC under the "Fast Track Exit Scheme".

ROC has granted approval for striking off the name of Fifth Gear Auto Ltd. and BrickbuyBrick Ventures Ltd. w.e.f. March 21, 2017 and SmartCookie Ventures Ltd. w.e.f. March 27, 2017 pursuant to the said order, these companies have ceased to exist. The application for Red Pixel Gadgets Ltd. is pending and after the approval of ROC, it too will cease to exist. During the previous year, the Company has written off investments in these companies amounting to Rs. 0.90 million.

NDTV Convergence Limited**Notes to financial statements for the year ended March 31, 2017****36. Unhedged foreign currency exposure**

The foreign currency exposures that are not hedged by a derivative instrument or otherwise are as follows:

(in Rs million)

Particulars	As at March 31, 2017			As at March 31, 2016		
	Amount in foreign currency	Exchange rate	Amount in local currency	Amount in foreign currency	Exchange rate	Amount in local currency
Receivables						
GBP	0.01	80.88	0.42	0.00*	95.09	0.08
USD	1.01	64.84	65.41	0.62	66.33	41.39
LKR	-	-	-	0.92	0.45	0.42
Payables						
USD	0.34	64.84	21.94	0.83	66.33	55.20

* Below the rounding off norm adopted by the Company

37. Corporate Social Responsibility (CSR)

During the current year, the CSR Committee reviewed the CSR policy and decided to not spend towards the CSR activities during the financial year 2016-17 due to financial commitments of the Company. Thus, pursuant to Section 135 introduced by Companies Act, 2013 pertaining to Corporate Social Responsibility, the Company has contributed Rs.Nil million (Previous year Rs.2.26 million) towards the CSR activities during the financial year 2016-17. As required by the aforesaid law, the amount represents 2 percent of the average net profits during the last three immediately preceding financial year computed as per section 198 of the Act.

38. Exceptional items (net)

(in Rs million)

	Year ended March 31, 2017	Year ended March 31, 2016
Provision of diminution in investment (refer note 12 and note 35)	130.08	-
	130.08	-

39. Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

(in Rs million)

Particulars	SBNs*	Other denomination Notes	Total
Closing Cash in hand as on November 08, 2016	0.01	0.01	0.02
(+) Permitted receipts	-	0.09	0.09
(-) Permitted payments	-	0.05	0.05
(-) Amount deposited in Banks	0.01	-	0.01
Closing Cash in hand as on December 30, 2016	-	0.05	0.05

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O.3407(E) dated the November 08, 2016.

40. Previous year figures

The previous years figures have been reclassified wherever necessary to conform to the current year's classification.

For **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W /W-100024

For and on behalf of the Board of Directors of

NDTV Convergence Limited

Rakesh Dewan

Partner

Membership No. : 092212

Place : Gurgaon

Date : 12 May 2017

K V L Narayan Rao

Group CEO & Director

Kaushik Dutta

Independent Director

Saurav Banerjee

Director, Finance & Group CFO

Place: New Delhi

Date: 5 May 2017