


  
**8.3 mn**  
Digital  
Subscribers

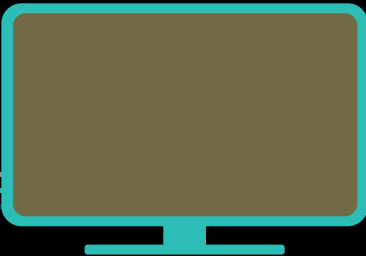


  
**~350+**  
Cities

  
**1.67 lacs**  
Broadband  
Subscribers 



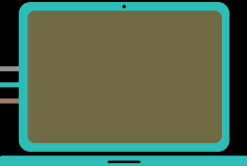
  
**12.2 mn**  
Viewers



# PRUDENT STRATEGY. PERSISTENT EXECUTION.

  
**30,000+ kms**  
Network

  
**11.9 lacs**  
Home Passes



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Attendance Slip  
Proxy Form  
Route Map

This Annual Report  
is available Online at  
[www.sitinetworks.com](http://www.sitinetworks.com)

# GAINING INDUSTRY LEADERSHIP

## VISION

'To gain the leadership position in the industry as a broadband service provider by becoming the preferred choice of consumers by offering high speed internet connectivity and best in class services, leveraging our existing infrastructure and reach in a platform neutral environment, using latest technology as an edge.'

**12.2 million**

Cable Universe

**8.3 million**

Digital Cable Subscribers

**65,140**

HD Subscribers

**~350+**

Cities with Presence

**11.9 lakh**

Broadband Homes Passed

**1,67,000**

Broadband Subscribers

**~7%**

TV Household Reach

**~30,000 km**

Fibre + Coaxial Cable Network

**21,000+**

Strong Franchise  
Distribution Network

# INTRODUCING SITI

SITI Networks Limited is a part of the Essel Group, one of India's leading business conglomerates, with presence across diverse sectors such as Media, Entertainment, Packaging, Infrastructure, Education, Precious Metals and Technology. The Group has a dominant presence in the Media & Entertainment space through a presence across Broadcasting, News, Publishing, DTH and Cable Television. The Group's flagship, Zee Entertainment is a leading producer, aggregator, and distributor of Indian programming across the world. With 2,10,000+ hours of original content produced and a compelling bouquet of 57 HD channels, ZEE reaches out to ~1 billion+ viewers in 171 countries.

SITI Networks Limited is one of India's largest Multi System Operator (MSO). Our product range includes Digital & Analog Cable Television and Broadband services. With 36 analog and 18 digital head ends and a network of more than 30,000 Kms of optical fibre and coaxial cable, we provide cable services in ~350+ Indian cities and their contiguous

areas, reaching out to over 12.2 million viewers. We deploy state-of-the-art technology for delivering multiple TV signals to enhance consumer viewing experience.

We have the unique advantage of significant existing infrastructure and relationships with business associates to be a leading force in the expanding broadband landscape of India. To build on this strength, we are investing in technology and human capital to transform SITI Networks into a leading broadband service provider. The total subscriber base presently stands at 1.67 lakh with home passes at 11.9 lakh, expected to grow exponentially.

Since the last few years, we have been making consistent and considerable investments to expand reach, add new revenue streams, offer a differentiated experience to consumers, strengthen relationships with partners; and thus create a strong foundation for sustainable and profitable growth.

**532795**

BSE Code

**SITINET**

NSE Code

**SITINET:IN**

Bloomberg Symbol

**₹ 30,415 million**

Market Capitalisation

\*As on June 30, 2016

**₹ 1**

Face Value Per Share



## VALUES



## Sensitive

**I am empathetic**

Open work culture, team empowerment and partner engagement.

## Inclusive

**I am for everyone and I add value to their lives**

First MSO to provide Subscriber Management System – Own Your Customer (OYC) module to business partners

## Trustworthy

**I can be trusted with dependable services**

Transparent policies  
Longest serving MSO  
Loyal Associates

## Innovative

**I use latest technological advancements**

First MSO to provide MPEG-4 set-top boxes

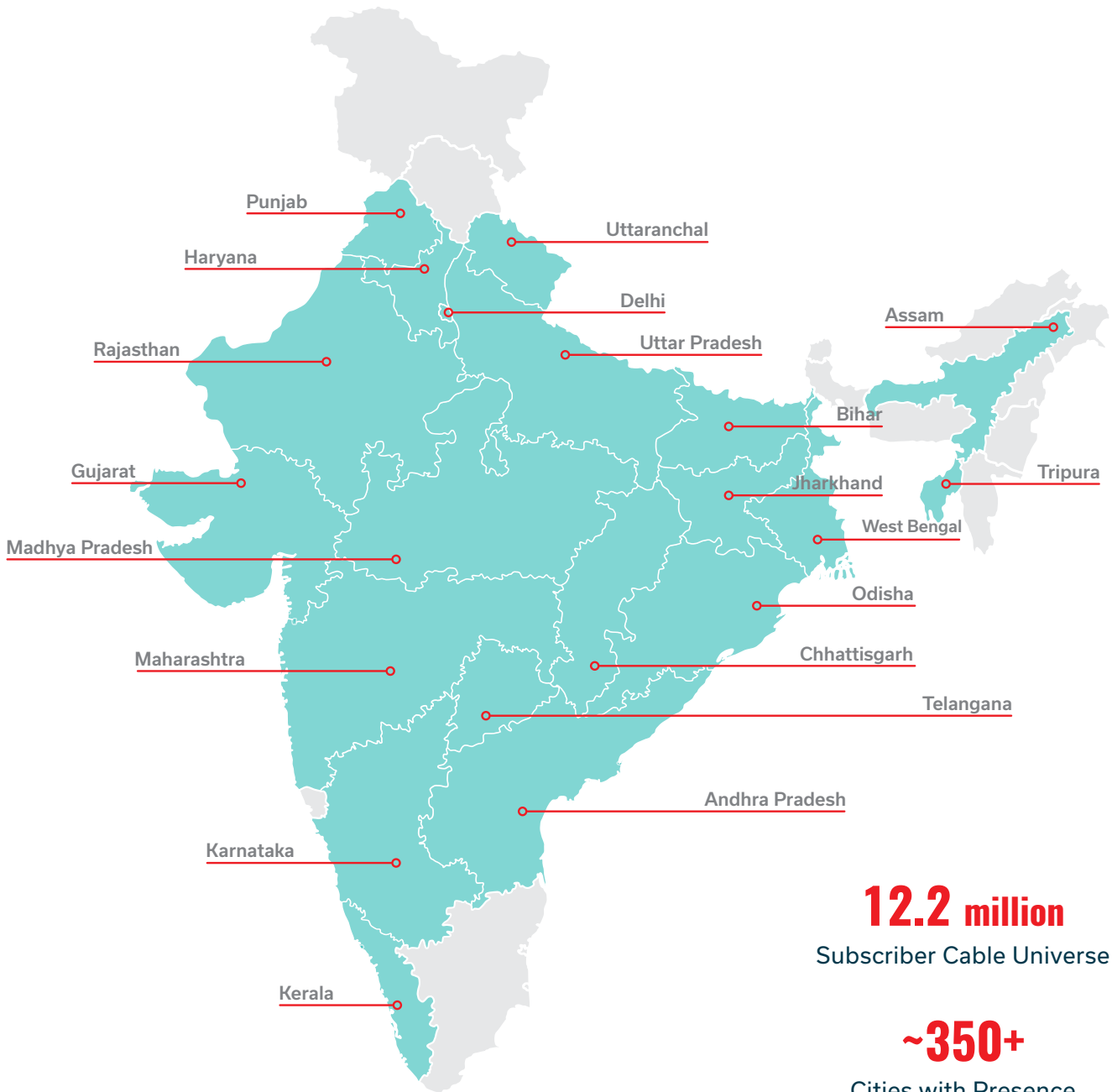


# OUR GROWTH STORY

At SITI Networks, we have always progressed through a combination of organic and inorganic growth strategies. This has helped us to leverage opportunities and deliver value-enhancing growth for our shareholders.



## AN EXTENSIVE NETWORK FOR INDIA



**12.2 million**  
Subscriber Cable Universe

**~350+**  
Cities with Presence

# MAKING STRATEGY DELIVER RESULTS

## INCREASE DIGITAL SUBSCRIBER BASE

### STRATEGY

- Expand in Phase 3/ contiguous territories via organic as well as inorganic growth
- Consolidate to derive synergies and value
- Expand in high TAM/ BARC rated cities

### OBJECTIVE

- Digital subscriber base at ~13-14 million with inclusion of Phase 3 and 4 at completion of digitisation



## BROADBAND & VAS

- Focus cities – NCR, West Bengal, select cities of Haryana and Central India using primarily DOCSIS 2/3 technology
- Offer HD Services and VAS such as OTT, Video on Demand (VoD), Movies on demand (MoD), others

- ~2 million broadband subscribers by FY21E

## MARGIN EXPANSION

- Improve collections from LCOs
- Optimisation of (Content Carriage) Cost; Optimisation of resources
- ARPU growth from package based billing and increase in package prices

- Expansion of Operating EBITDA Margins

# COMPETITIVE EDGE THAT DEFINES EXECUTION

Our capabilities enable us to make the most of a widening opportunity landscape after closely monitoring various aspects of policy and regulatory interventions, and their long-term implications.

## PART OF AN USD 9.7 BILLION\* GROUP, INDIA'S LEADING MEDIA CONGLOMERATE

- Promoter entity (Essel Group) is India's leading media conglomerate with interests spanning broadcasting (one of India's largest network of Hindi GEC, multilingual entertainment and special interest channels as well as 10 news channels in six languages), distribution (India's first and largest DTH TV business) and SITI Networks (India's oldest and second largest MSO), as well as print (National English newspaper)
- Better deal terms through collaboration and stronger negotiation abilities, leveraging economies of scale across the network

## STRONG SYSTEMS AND PROCESSES

- 'Own Your Customer' Subscriber Management System provides robust back end and customer insights; majority of CAF forms collected
- Proactive carriage sharing with LCOs
- Uniform commercial policies in place
- Advanced technology and infrastructure

## ROBUST EXECUTION

- Strong operating team and execution capabilities
- Effective control and alignment of subsidiaries
- Value unlocking through consolidation and integration of Local MSOs

### STRONG COMPLIANCE ARCHITECTURE

- Systems and processes to adhere to TRAI recommended standardised industry practices
- First to launch Gross Billing in Phase 1 cities of Delhi, Mumbai and Kolkata as mandated by TRAI
- Majority of KYC CAF forms collected
- SIA/ MIA LCO Interconnect agreements being signed with LCOs

### CORPORATE GOVERNANCE

- Strong corporate governance practices
- Transparent and consistent commercial policies govern interaction with various stakeholders

### DISTRIBUTION REACH

- Strong distribution network of over 21,000+ partners
- Our franchisee network reached out to 12.2 million+ customers

# 2015-16: STRATEGY MEETS EXECUTION- OPERATIONAL HIGHLIGHTS

## ENERGISED PERFORMANCE

Registered profits for the first time in history, with a Profit after Tax of ₹ 90 million and a Profit before Tax of ₹ 220 million.

## NEW LAUNCHES

- Now offering 57 HD Channels.
- Launched Ditto OTT services in collaboration with Zee Entertainment Enterprises Ltd (ZEEL) and bundled same with the broadband offering.

## INCREASED SUBSCRIBER BASE

- Aggressively digitised our subscriber base and completed highest seeding for a particular year at 2.7 million.
- HD subscribers at 65,140 as of June 30, 2016.
- SITI Networks now has the largest pan-India presence with a footprint across ~350+ cities, in line with the Company's strategy to expand in Phase 3 areas and contiguous territory across different geographies.
- Added ~4.5 lakh home passes and ~62,431 customers in broadband.

## REINFORCING OUR BRAND LEADERSHIP

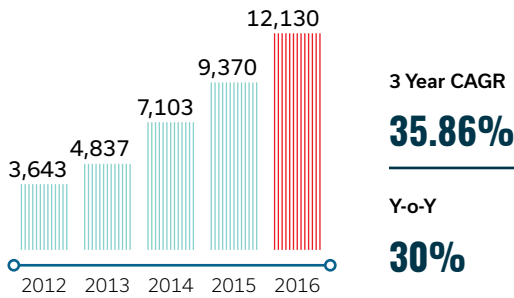
- ICRA upgraded the long-term rating of SITI Networks to A- from BBB+. Further ICRA has a rating of AA (SO) on the term loan facility of the Company. The outlook on the ratings is 'stable'.
- SITI Networks has been chosen to be a constituent of the Morgan Stanley Capital International (MSCI) India Domestic Small Cap Index, effective May 31, 2016.

## FUND INFUSION BY PROMOTER GROUP ENTITIES

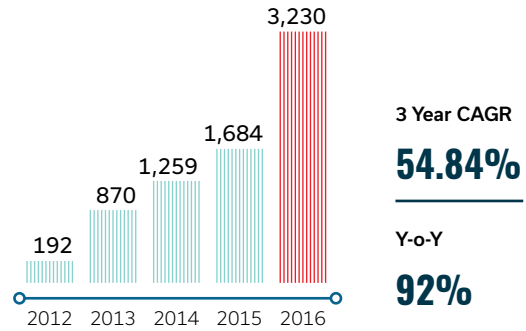
Encouraged by the improvement in performance, the promoters infused fresh funding of ₹ 5,300 million. This was the first tranche of the previously announced ₹ 6,800 million funding. The funding will be utilised primarily for debt reduction and creating a stronger balance sheet.

# CREDIBLE PERFORMANCE

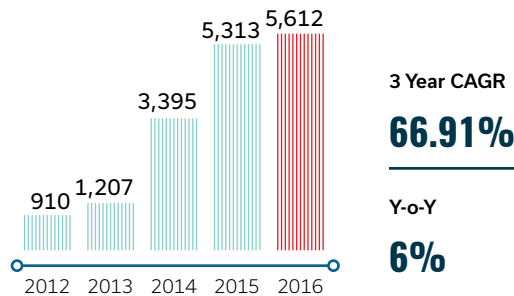
## REVENUE (₹ MILLION)



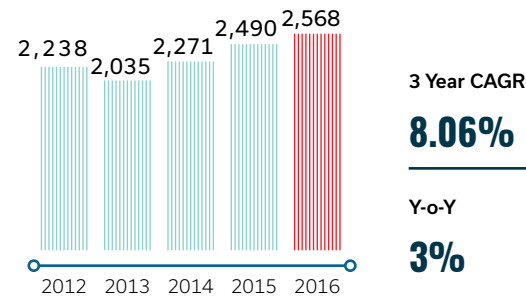
## EBITDA (₹ MILLION)



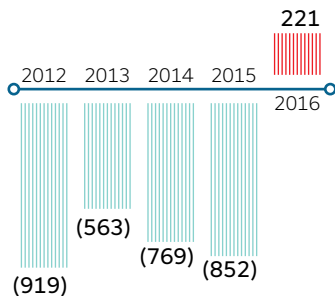
## SUBSCRIPTION INCOME (₹ MILLION)



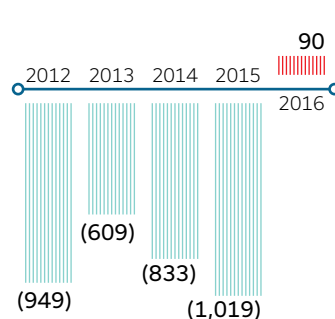
## CARRIAGE INCOME (₹ MILLION)



## PROFIT BEFORE TAX (₹ MILLION)



## PROFIT AFTER TAX (₹ MILLION)



# MESSAGE FROM OUR CHIEF PATRON



**WE ARE ENCOURAGED BY THE GOVERNMENT OF INDIA'S VISION TO TRANSFORM INDIA INTO A DIGITALLY EMPOWERED SOCIETY AND KNOWLEDGE ECONOMY, AND ARE SUPPORTING THE INITIATIVE WITH FULL VIGOUR.**

## Dear Shareholders,

At the outset, it gives me great pleasure to report that your Company turned in a stellar performance in 2015-16, which led to a positive bottom line for the first time in the Company's history. This performance is a culmination of years of persistent effort and is an indicator of the strong future growth trajectory of SITI Networks.

India's economy did exceedingly well in 2015-16, as the GDP grew by 7.6%, despite two consecutive years of poor monsoon and subdued global demand affecting exports. The regulatory reform and policy push that is currently underway is bringing India close to its rightful economic potential. There is a renewed thrust on big-ticket public investments especially in the infrastructure sector that are bound to have an impact on rural and urban ecosystems. There is

significant improvement in the ease-of-doing-business, encouragement of entrepreneurship, and newer investment opportunities that are driving India's economy forward and giving a much needed push to the domestic economy focused sectors.

The Media and Entertainment (M&E) industry is also on a growth path, and these factors provided it a much needed tailwind. Some of these have a direct impact, while others have a tertiary influence.

For instance, the Government's initiatives towards power availability and rural electrification under its 'Power for All' initiative augur well for our industry. About 921 projects have been sanctioned to electrify 1,21,225 un-electrified villages, intensive electrification of 5,92,979 partially electrified villages and provide free electricity connections to 397.45 lakh BPL rural households. The India Meteorological Department has forecast an above-normal monsoon for 2016, which shall end the run of two back-to-back poor monsoon seasons and bring relief to rural distress. As farm incomes, revive it will boost rural spending and consumption. Further, the recommendations of the Seventh Pay Commission and the One Rank One Pension (OROP) scheme are expected to boost urban consumption and discretionary spending. The implementation of Goods and Services Tax (GST) should prove to be a harbinger of change and

lead to more efficient trade and commerce. Once implemented, GST is certainly expected to give a boost to consumption in India and reinvigorate ease of doing business. Coupled with the rising disposable income, quality of life and the uptick in the economy backed by reforms, the M&E industry remains an exciting play on the domestic consumption story.

Similarly, the Government's Digital India initiative aims to have broadband in 2.5 lakh villages, 4 lakh public internet access points, Wi-Fi in 2.5 lakh schools and public Wi-Fi for citizens by 2019. With these steps, internet penetration, access and content consumption online is set to exponentially increase both in rural and urban areas. The Smart Cities Mission, too, aims at driving economic growth and improves the quality of life in the country by enabling local area development and harnessing technology. The initiative intends to drive development of 100 cities leading to improved infrastructure. All of these have a direct bearing on the manner in which the media and entertainment industry will grow and evolve.

Technology is playing a significant role in the way the industry is transforming. The television industry continued to move ahead with digitisation of cable services. Demand for Value Added Services such as HD channels and Video on Demand (VoD) are seeing a boost in a digitised markets. With the growing content consumption on digital platforms like Over-The-Top (OTT), the industry has discovered another driver of

broadband demand. Customer preferences are changing and they are moving towards consuming content in a non-linear manner and the industry is preparing to meet these expectations. As digitisation continues to take the industry on a renewed growth path, the new rating system by Broadcast Audience Research Council (BARC) is expected to bring transparency, reliability and uniformity into the whole system and fuel further growth.

We are encouraged by the Government of India's vision to transform India into a digitally empowered society and knowledge economy, and are supporting the initiative with full vigour. We are well positioned to scale up broadband operations aggressively and have aligned our strategy accordingly.

During the year, we continued to expand our digital subscriber base by entering new cities and undertook rapid digitisation while strengthening our systems, processes, and compliance levels. We believe this is a sustainable way of doing business, and we must create a set of strong fundamentals that serve as industry standard. We look forward to digitising our existing analog subscription base by the end of 2016-17. We focused our initiatives towards improving the customer service levels in broadband. After consolidating our presence in West Bengal and Delhi we now look forward to expand our presence across select states.

We pursued opportunity-based inorganic growth and made

acquisitions in select geographies and expect to integrate and harness the synergies of these acquisitions in the near future. We believe our prudent efforts in both organic and inorganic growth will lead the Company in the path of attaining industry leadership and improved profitability.

This was largely the reason behind infusion of further equity by the Promoter Entities as they strongly believe in the growth potential of the Company and have immense confidence in the execution expertise of the Management.

We continue to invest in our people, systems, infrastructure and technology, which will enable us to be relevant and meaningfully placed to harness this growth.

I would like to congratulate the Board, the Executive Management team as well as the employees on their persistent efforts and effective execution, which continues to drive the Company's steady and pugnacious growth.

I would also like to thank our valued customers, shareholders, vendors, and business associates for the confidence they have reposed in our Company.

As we move forward on this growth path, I seek your continued support and guidance in our evolutionary journey.

Best Wishes,  
**Dr. Subhash Chandra**

# EXECUTIVE DIRECTOR & CEO'S MESSAGE



## Dear Shareholders,

I am excited to share with you that 2015-16 was a milestone year for your Company, where we broke new ground by reporting a Net Profit for the first time in our history. Our performance is a validation of our core beliefs and operational strategy as we registered a healthy growth, a first for the industry in many ways. This was possible by expansion across select states and persistent and efficient execution of our stated strategy. The focus was on gaining depth and not spreading our resources too thin. We also managed to tightly control costs inspite of expanding across 350+ cities. The organisational realignment from a vertical focus to a geographic focus helped us leverage bandwidth from our existing teams and ensure rapid expansion.

India is witnessing a phase of rapid and sustained technological

innovation and the way people access and consume content is changing dramatically. The distribution industry is at the cusp of an important phase, where customer needs and demands are guiding the overall growth and only entities who are able to lead and evolve with this transformation will be the ones to succeed.

Increasing digitisation has opened up various opportunities for the television industry, as it has the capability to improve the quality of service, bring enhanced consumer experience and improve transparency in the sector.

At SITI, we are leveraging our lineage, strengths, infrastructure and relationships to grow our business, our presence and our broadband play, in line with emerging opportunities. We have been prudent in our strategy, and persistent in our execution, and this is beginning to show results. We felt the need to change the

perception of the Company and accordingly rechristened it from SITI Cable Networks Limited to SITI Networks Limited. This signals a paradigm shift focusing on building a network centric and platform-neutral company. Having said that, I would like to reaffirm that cable will continue to play an important role in our Business evolution.

## OPERATIONAL PERFORMANCE

During 2015-16, our revenues grew by 30% to ₹ 12,130 million, and subscription Income was at ₹ 5,610 million, up by 6%. EBITDA grew by 92% to ₹ 3,230 million. Core EBITDA, excluding other income and activation grew by 14% to ₹ 850 million. We posted a Profit before Tax of ₹ 220 million and a Profit after Tax of ₹ 90 million.

We managed to rationalise our content cost and curtail distribution expenses in spite of expanding to ~350+ cities across India and seeding 2.7 million boxes. Going forward, we are looking to expand our recurring cash flow by monetising existing capacities prudently and conclude our strategic market expansion.

## GROWING CUSTOMER CENTRICITY IN CABLE

In the Cable Business, the additional flexibility provided to consumers with bespoke packaging is expected to improve ARPU's. To ensure that our customers enjoy a more meaningful experience we are now offering 57 HD channels. We have 8 additional



HD channels in the pipeline which would enhance our HD offering. While overall ARPU growth has been sluggish so far, we expect monetisation to pick up and Phase 3 to play a significant role in improving the subscription revenues going forward. We expanded in Phase 3 and expanded in the states of Andhra Pradesh, Telangana, West Bengal and Haryana together with adjoining areas during the year.

We were able to provide the best content to our customers, owing to the strong relationships we maintain with most broadcasters. Our content cost deals were negotiated on a pan-India fixed fee basis, with HD content included in the deals. Therefore, we could give our customers an expanded range of offerings and enhanced experience by migrating them to HD. At the same time, we were able to keep our cost-structure moderate and viable, allowing us to offer an exciting proposition to our customers.

### **ACCELERATING THE BROADBAND PLAY**

Digitisation of data has acted as a strong enabler of broadband

**INCREASING DIGITISATION HAS OPENED UP VARIOUS OPPORTUNITIES FOR THE TELEVISION INDUSTRY, AS IT HAS THE CAPABILITY TO IMPROVE THE QUALITY OF SERVICE, BRING ENHANCED CONSUMER EXPERIENCE AND IMPROVE TRANSPARENCY IN THE SECTOR.**

applications and services, and has spurred accelerated adoption of broadband. India currently lags behind several emerging economies in broadband penetration, particularly at higher speeds, although this situation is changing fast. As per Cisco's forecast over the next five years, India is expected to have 1.9 billion networked devices up from 1.3 billion in 2015. The average fixed broadband speed is expected to increase 2.5 times from 5.1 Mbps in 2015 to 12.9 Mbps in 2020. This provides a huge opportunity for the MSOs, who can leverage on their existing on-ground infrastructure and business relationships to provide broadband services and achieve higher customer wallet-share through an integrated offering.

In broadband, we have strengthened our position by working towards improved customer service. We witnessed strong growth in our broadband revenues and expect to maintain a steady growth in our ARPU's going forward. After consolidating our presence in West Bengal and Delhi, we will now focus on aggressively acquiring customers in our existing geographies and are also ready to expand in new geographies. We are looking to roll out broadband in the states of Haryana, Madhya Pradesh, and Rajasthan. With the aggressive expansion plan we aim to significantly expand our broadband subscriber base by 2016-17.

### **STRATEGY FOR THE FUTURE**

We have set a target of reaching a subscriber base of ~13-14 million

by the time the industry completes Phase 3 and 4 of digitisation. We plan to maintain a strong focus on select geographies that offer better opportunities for profitable growth.

In addition, our Capex plan for the near future will comprise investments in broadband with a focus on expanding our home passes and deeper extraction of the same. Capex in cable will be directed towards maintenance and acquiring incremental customers, as seeding gets completed.

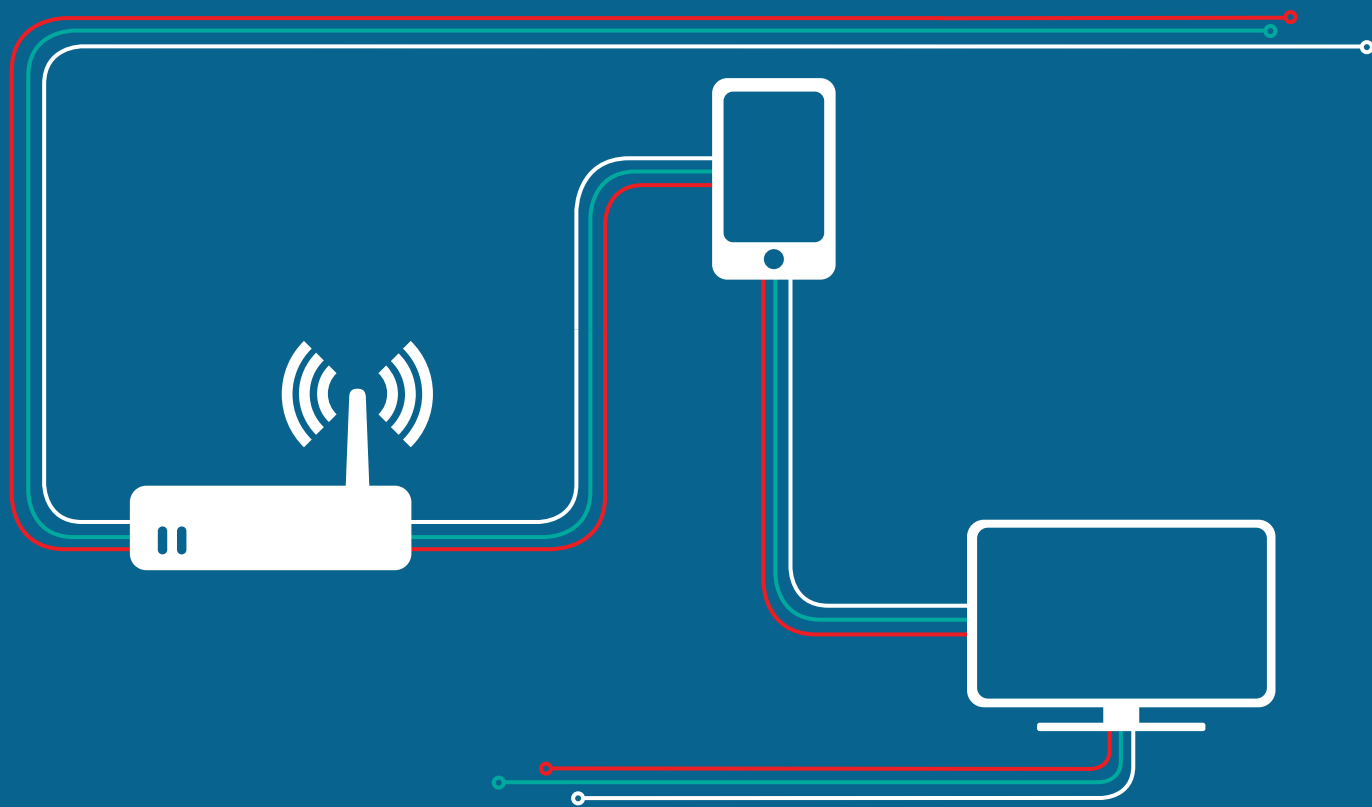
We continue on our journey of being the fastest growing company in cable by expanding the breadth and width of our distribution. As a part of our strategy, we are working on gaining Industry leadership through organic and inorganic growth. Our ability to choose markets prudently and focus on profitable growth will help us in achieving our targets and creating long-term sustainable value for our shareholders.

The focus on customer delight will ensure we always remain relevant and have a strong recall in our markets of choice. I am thankful to our employees for tenaciously striving for excellence and reliability.

As we move towards the next phase of growth and sustainability, I seek the continued support of our shareholders, business associates and valued customers in our endeavour

Best Wishes,  
**V D Wadhwa**

# A NEW IDENTITY FOR A NEW FUTURE





# SITI Cable Network Ltd is now SITI Networks Limited

SITI Cable Network Limited formerly known as Wire and Wireless (India) Limited has been a brand that strives to enhance customer experience through its efficient content delivery, packaging and broadband services.

Our services transcend geographical boundaries, linguistic barriers, and cultural distinctions. As a company we have been successful in putting together a repertoire of services during our years of operation to serve subscribers whose confidence we hold in trust.

2015-16 has been a milestone in our journey. Besides reporting a profit, we also re-defined our scope of operations. Apart from being a leading Multi-System Operator (MSO) providing digital/analogue cable TV and broadband services, we have forayed into the domain of Over-the-Top (OTT) services like Live TV and Catch-up TV.

In light of these developments, we decided to rename SITI Cable Network Limited to SITI Networks Limited. SITI Networks Limited intends to widen the scope of its business and become an integrated service provider meeting diverse customer needs. It is a tribute to our network of infrastructure, partners, customers and services.

We believe that this change of name will enable a better alignment with evolving customer needs and our vision to be an integrated player offering last-mile connectivity and reaching customers directly.

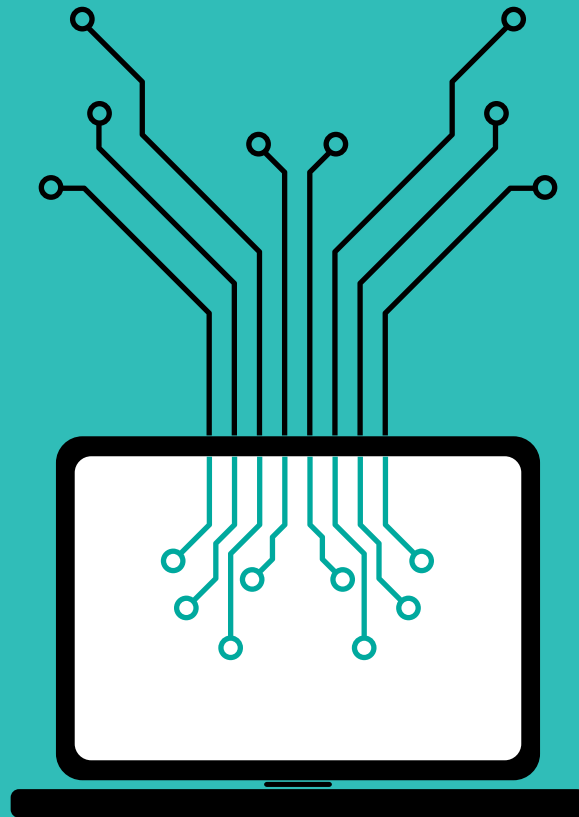
Going forward, we plan to expand geographically and increase our penetration in the market. Our advent into the OTT services will allow us to gain a stronghold in consumer market and help in increasing brand recall.

We are helping build a network where everyone is connected to the content they need.



PRUDENT STRATEGY. PERSISTENT EXECUTION.

CHOOSING THE RIGHT  
MARKETS. EXPANDING  
WITH THE RIGHT  
MIND-SET.



Strategy is as much about knowing what to do as knowing what not to do. At SITI we are focusing our efforts in a careful selection of our geographies of presence.

We chose our markets carefully and prudently based on profitability, breakeven period and other parameters. We aim to establish a leading role in select states and maintain our market leadership. Our strategic market expansion has led to significant growth during 2015-16.

## CABLE BUSINESS

2015-16 marked a rapid expansion of SITI's cable business. As a result, we are today present across ~350+ cities. The areas that we expanded include the states of Andhra Pradesh, Telangana, West Bengal and Haryana.

Throughout this expansion phase, we adopted both organic and inorganic growth routes. We entered into newer markets by establishing our own infrastructure, by acquiring majority stakes in the regional MSOs or by entering into strategic partnerships with regional MSOs in Mumbai, Assam and Gujarat for Phase 3 and Phase 4. Thus, market growth for us was not a linear activity, but a multi-pronged one.

### Select Acquisitions

Certain acquisitions made during the year in geographies such as Mumbai, Assam and Gujarat allowed us access to select high growth markets. For markets where we would prefer to expand rapidly, and setting up the infrastructure will take time, we prefer the acquisition route after ensuring operational synergies. We expect to integrate and harness the synergies of these acquisitions. The expertise that these acquisitions have in the local territories will help fuel further growth.

As an outcome of this, we were successful in growing our cable subscriber base to 12.2 million, digital subscriber base to 8.3 million and HD subscriber base of 65,140 demonstrating rapid scale up.

We plan to have a digital subscriber base of ~13-14 million with inclusion of Phase 3 and 4 at completion of digitisation process.

## BROADBAND

2015-16 has been a year of consolidation for our broadband business. We strengthened our presence in West Bengal and Delhi, leading to a subscriber base of 1.67 lakh and home passes at 11.9 lakh. Several customer interfacing initiatives were undertaken during the year:

- We introduced bundled packaging wherein we offered our customer base of cable in Delhi exciting options on broadband.
- Advanced technology through DOCSIS 2.0 and DOCSIS 3.0 has been installed at competitive prices
- We also introduced Smart Top Ups for the customers who exhaust their FUP before the renewal date

## ACCELERATION IN 2015-16

**16% GROWTH IN TOTAL SUBSCRIBER BASE AS A RESULT OF ACCELERATED SEEDING**

**46.8 % GROWTH IN DIGITAL SUBSCRIBER BASE**

**~350+ CITY PRESENCE, UP FROM 130 CITY PRESENCE IN 2014-15**

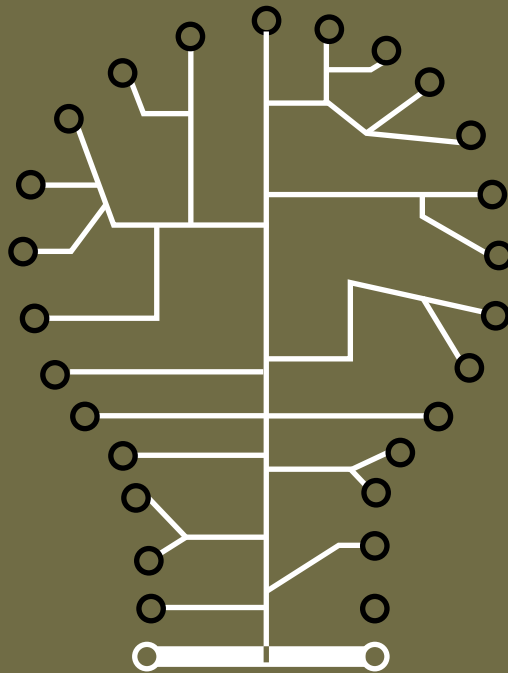
- Plans and packages were continuously evolved in order to remain competitive throughout the year, keeping in mind customer's needs and market offerings

Broadband has been rolled out in Haryana across cities such as like Hissar, Rohtak and others. We have plans of launching the same in select cities of Madhya Pradesh and Rajasthan. We will continue to focus on rapidly acquiring newer customers in our existing geographies, as we leverage our cable infrastructure and relationships for growing our broadband business across newer markets.

**89% GROWTH IN BROADBAND SUBSCRIBER BASE IN 2015-16**

PRUDENT STRATEGY. PERSISTENT EXECUTION.

# GIVING CUSTOMERS MORE VALUE IS GOOD BUSINESS



**A good way of ensuring sustainable profits is to deliver exceptional value to customers by giving them more. At SITI, this is exactly what we do and as a result, our customers are our best ambassadors.**

**We have pioneered many innovations in the Cable & Satellite space in India, by accurately predicting emerging customer preferences and delighting them with our offerings. During 2015-16, we took several initiatives to further enhance the customer experience, provide more value, and become a more responsive organisation.**

### **SITI HD+**

SITI HD+ is our bouquet of 57 HD channels which was promoted throughout the year. We ran a high-impact campaign - 'Switch Now, Experience WOW' during the Cricket World Cup 2015. We promoted our HD offerings aggressively through several media like radio, TV and social media. Apart from this, an upgrade offer to HD was also made available for our existing subscribers at competitive price point. This led to exciting results as we crossed 50,000 HD subscribers towards the end of 2016.

### **NEW PACKAGING ROLL OUT**

Our video packages have been revamped to offer more value and choice to customers. There is a larger bouquet of offerings such as higher number of HD channels, regional channels, add-on packs and a-la carte channels. This has been done to offer a bespoke product, provide greater flexibility and in turn enhance customer experience.

### **IMPROVED CUSTOMER SERVICE**

We reorganised our STB repair system to make it more efficient. In order to strengthen our customer support systems we imparted additional training to our on-ground teams. A dedicated call center for broadband was also set up.

### **DIGITAL MARKETING OUTREACH**

We have also been strengthening our customer connect through social media and other digital initiatives. Through these, we are ensuring better response time to customer feedback, engaging effectively, investing in search engine marketing and directing customer complaints for immediate resolution. We have begun providing technical support through our Facebook page and Twitter Handle.


We are also in the process of integrating several payment wallets to make the system of online payments convenient for our customers. We have started providing Over-the-top services by partnering with our group company, Zee Digital Convergence Limited (ZDCL). We launched live TV service - Ditto TV, and bundled the same along with our broadband offering and integrated it on our website. These will be sold through our business partners. This is in line with our philosophy to provide non-linear and on-demand content.

PRUDENT STRATEGY. PERSISTENT EXECUTION.

PARTNERSHIPS  
AS INVESTMENTS.  
COMPLIANCE AS  
CHARACTER.







**Businesses rarely grow in different segments. Their evolution depends on cultivating mutually rewarding partnerships, and ensuring that business practices are always above board. At SITI, we believe that our efforts towards building strong bonds with partners is the best investment we make in our future. At the same time, compliance is always considered a part of our DNA. In 2015-16, we further reinforced our partnership with stakeholders and continued effective dialogue and engagement with regulators. We undertook rapid digitisation in line with the Government's plan to support the Digital India initiative. We are investing in technology to enhance our operational excellence in order to build a consistently value-generating enterprise.**

## **ENGAGING WITH OUR STAKEHOLDERS**

### **Content Pricing**

We negotiated our content cost deals on a pan-India fixed fee basis in the year with the major broadcasting bouquets. As a result, we could expand rapidly; offer customers an exciting and unique range of options, and upsell to migrate a growing number of subscribers to HD. Our relationship with broadcasters is healthy and symbiotic, making it possible for us to optimise the cost of content, save time, and achieve the best offering mix for customers.

### **Relationships with LCOs**

Given the size of its network and vast presence, SITI Networks has built effective partnerships with a large number of LCOs on the ground for business expansion. We realise the vital role played by LCO's in the delivery value chain. To cement these relationships, we undertake multiple steps to train them upgrade their offerings and keep them motivated. An extensive on-ground educational programme - 'Countdown to digitisation' was conducted throughout the year in Phase 3 and Phase 4 areas. We regularly collaborate with LCOs for our branding initiatives. A dedicated outreach for our broadband services through LCOs has been undertaken separately to make customers aware about our services. We continuously work with our LCO's and provide them with

support and systems that would eventually lead to business growth for us. Together with this, we are transparent in our dealings and fairly share revenues to retain them, and motivate them to perform better. This also addresses attrition and revenue leakage issues plaguing the industry.

### **RAPID DIGITISATION**

We are undertaking rapid digitisation and building the required infrastructure proactively. We have seeded 2.7 million STBs. Our rate of seeding has been much faster because of our focus on the Phase 3 markets. We aim to convert our entire analog base into digital by end of 2016-17, and gain from reduction in per unit cost of customer service. It will also allow us to understand viewing patterns better, and fine-tune our offerings.

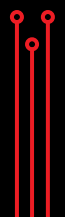
### **COMPLIANCE AND REGULATION**

SITI Networks has been a pioneer in compliance and adherence regulations. We are entering into Model Interconnection Agreement (MIA)/Standard Interconnection Agreement (SIA) with our LCO's, as directed by Telecom Regulatory Authority of India (TRAI). We provide 'Own Your Customer' (OYC) web based subscriber management system application to our LCO's to serve the subscriber better with robust backend system and valuable customer insights. It leads to real-time access of

subscriber billings, payments, account statements, activation, de-activation, upgradation, down gradation, packaging and monthly collections at the business partner's end. We have a majority of Customer Application Forms (CAF) collected and have all the subscriber details. We hold regular subsidiary board meetings and have systems and processes in place for Capex approval and collections. Our interaction with various stakeholders is governed by transparent and consistent commercial policies. We actively interact with the Ministry of Information & Broadcasting and TRAI to ensure we can properly represent the interests of the industry and work in a connected manner with the regulator. With our proactive efforts regarding digitisation petitions, we are expecting the cases to get resolved soon.

### **TECHNOLOGICAL EVOLUTION**

At SITI, we are consistently upgrading our technology to offer best-in-class viewing and internet experiences. In the cable business, we have shifted to MPEG-4 STBs to enhance picture quality. In broadband we are using modems with DOCSIS 2.0 and DOCSIS 3.0 technology for faster speed and better stability. Gradually, we are also shifting focus from DOCSIS to a more hybrid structure involving GPON in line with global trends.



# PROFILES OF THE BOARD OF DIRECTORS

## 01

### **V. D. WADHWA** Executive Director & CEO

Mr. Wadhwa has 30+ years of General Management experience in consumer life style and retail industry. Prior to joining SITI Networks, Mr. Wadhwa was with Timex Group India Limited where he was Managing Director & CEO for Business Operations in India and SAARC Countries. He is largely credited with profitable turnaround of Timex operations in India and establishing retail operations in India and South Asian Countries. During his association with Timex Group India Ltd., he was responsible for the Business Development initiatives and involved with several global assignments for business restructuring in Russia, Brazil, Portugal & Spain.

Mr. Wadhwa is an Alumnus of Harvard Business School and a fellow member of the Institute of Company Secretaries of India. He has served on various committees of FICCI and Assocham besides serving as President of the Horological Federation of India. He is currently presiding the 'All India Digital Cable Federation'. Mr. Wadhwa was the first runners-up at 'Asia Communication Awards 2016' under the Asia's Best CEO Awards category.

## 02

### **BRIJENDRA K. SYNGAL** Independent Director

Mr. Syngal is regarded as the father of Internet and data services in India, which propelled the growth of software exports from India. He was responsible for executing a GDR issue of USD 527 million at VSNL, the largest GDR issue out of India to be listed on the London Stock Exchange and third largest issue out of Asia.

In the international telecom arena, he has held the positions of Chairman, Commonwealth Telecommunications Organisation (CTO) London, and Councilor for India INMARSAT Council, London, Vice Chairman and Director, ICO Boards, Chairman of Governance Committee ICO, Cayman Islands and Governor, INTELSAT Board, Washington DC. He is the recipient of many industry awards including 'Telecom Man of the Decade' Award by Wisitex Foundation, India Partners in Progress Award by Maharashtra State Government for his contribution in telecommunications both in India and Abroad. Mr. Syngal was one of the fifty Stars of Asia, chosen by Business Week magazine for the year 1998.

## 03

### **SANDEEP KHURANA** Non-Executive Director

Mr. Khurana is a lawyer and is a Fellow member of the Institute of Company Secretaries of India apart from being an associate member of the Institute of Cost Accountants of India. Mr. Khurana has over 30 years of experience having worked with renowned corporates in India besides running a successful professional practice in investment banking - raising long-term and short-term resources from Banks and Financial Institutions together with private equity from investors as marquee investors.

During his long and illustrious career Mr. Khurana has not only had exposure to several organisational functions but also to several sectors such as Automotive components, Electronics, Engineering, Floriculture, Transportation and logistics, Finance and Financial Services, Realty Development, Milk processing, Hotels and hospitality, Food processing, EPC, Renewable Energy, Perfumery and Toiletries, Coal, Coal Washery and related transportation logistics, weaning foods, adhesives, garments manufacturing among others.

## 04

**SURESHKUMAR AGARWAL**  
Independent Director

Mr. Agarwal is a Commerce Graduate from Haryana University, with an entrepreneurial background. He is the Managing Director and major shareholder of Super Dync Clothing Pvt. Ltd., a leading player in home textiles. Mr. Agarwal also has a keen interest in the steel business. He is an active member of renowned charitable institutions such as the Lions Club of Millennium.

## 05

**VINOD KUMAR BAKSHI**  
Independent Director

Mr. Bakshi is a Non-Executive Independent Board member of the Company appointed with effect from October 27, 2010. He is an experienced professional with a career spanning over 4 decades in domestic and overseas marketing, public relations, administration and image building, holding senior position in reputed organisations like Care India, Gabriel India Ltd, Escorts Ltd, Williamson & Magor Group, Exide Industries Ltd., BBC etc. As BBC's Resident Director in India, he was responsible for supporting strategic directions, instilling operating standards to achieve goals, building talent and business infrastructure, as well as enhancing business growth and upholding and improving the image of BBC. Mr. Bakshi is also a painter of repute and a member of Lalita Kala Academy and Central Film Censor Board. He is also an ex-member of the Central Film Censor Board.

## 06

**KAVITA KAPAHI**  
Independent Director

Ms. Kapahi, a Commerce Graduate from Bombay University, is an entrepreneur engaged in the security and surveillance industry. She manages business operations of APK Trading & Investment Pvt. Ltd., an entity engaged in the business of meeting needs and demands of security and surveillance industry. She is also a Director on Minotaur Holdings and Finance Private Ltd.

# SENIOR MANAGEMENT TEAM



**V. D. WADHWA**  
Executive Director & CEO



**ANIL MALHOTRA**  
COO - Strategy and Compliance



**VINAY CHANDHOK**  
COO - Operations



**COL. PANKAJ DHINGRA**  
Chief Human Resources Officer



**ANIL JHAMB**  
Chief Technology Officer -  
Broadband



**SANJAY ARYA**  
Chief Technology Officer - Video



**SANJEEV MAHAJAN**  
COO - Operations



**ANIL JAIN**  
Head - Finance & Accounts



**BIBHASH JHA**  
Head- Content & Carriage



**SANJAY JINDAL**  
Head - Projects



**SURESH KUMAR**  
Company Secretary and  
Compliance Officer



**SAURABH DATTA**  
Head - Marketing

# OUR EMPLOYEES. THE FORCE BEHIND OUR EXECUTION.

We believe that it is people power that drives our business. Across our operations, we are investing in our human capital by nurturing a culture of excellence, empowering employees and creating a great place to work.

Some of the initiatives that we undertake to create a better atmosphere for people to perform, and help us deliver superior value to customers and stakeholders are enumerated below.

## 'SAMWAD'

Your Company operates on the philosophy of Samwad, which means conversation, interlocution, news, information, message, and dialogue. In essence, it is about two-way communication. It provides us with an organisational platform to arrive at a shared vision towards managing ourselves. The principle of Samwad is a part of all our practices and guides us in developing and taking care of our assets including material, human and intellect. We encourage flow of lateral and vertical communication, where employees have direct access to the top management and can voice their opinions freely.

## HIRING FOR ATTITUDE AND TRAINING FOR SKILLS

We depend highly on our human capital and hence recruiting the right people with right attitude is of paramount importance for sustainable success. Our HR Talent Acquisition function acts as a strategic business partner and ensures cost effective resource fulfilment for smooth business operations.

We offer existing employees the opportunity to apply for higher/ cross functional positions by advertising vacancies through the Internal Job Posting and encourage similar culture fit through referral policy. Cross-pollination is ensured through engaging professionals from different verticals and industries.

Our talent pool gets augmented every year, through hiring from some of the top ranking Business Schools and Engineering colleges with an aim to create a balanced workforce with Young Leaders forming a part of it.

## VOYAGE

We create formal and structured programmes to induct and integrate talent that is brought into the system

**WE ENCOURAGE FLOW OF LATERAL AND VERTICAL COMMUNICATION, WHERE EMPLOYEES HAVE DIRECT ACCESS TO THE TOP MANAGEMENT AND CAN VOICE THEIR OPINIONS FREELY.**

from diverse industries. Induction programmes are customised to suit the needs of new team members and to ensure they adapt into the organisation smoothly.

We strive to create an environment where people can grow consistently, and put their personal leadership and creativity to work. Our buddy programme helps the new teammates adapt to the prevailing culture, attitudes, standards, values, and pattern of behaviour that is expected by the organisation, and therefore perform effectively.

## LIFE AT SITI

At your Company, celebrating life is as important as working towards success. We are guided by our intrinsic values of being Sensitive, Inclusive, Trustworthy and Innovative.



We focus on providing conducive and engaging work culture where employees feel valued and are fully aware of their rights and responsibilities.

Each year we partner with Health Services Providers to drive initiatives that promote healthy living for employees and their family members. We have adopted actions and policies that encourage gender-neutral allocation of resources, and afford equal opportunity to

women employees. Occasions like employees' birthdays, work anniversaries and festivals are all celebrated with passion and vigour. Cultural and sports events are organised regularly to help employees imbibe the organisation's true spirit and ethos on all fronts.

### **EMPLOYEE DEVELOPMENT INITIATIVES**

Your Company offers unrivalled opportunities to employees to help them graduate to the next level in

learning and in career development. Initiatives like Mentor-Mentee programme; open discussion forums such as Pulse of SITI, Konnect Meets, skill enhancement trainings and group mobility programmes all help employee realise achieve higher levels of personal ownership and reinforce the importance of skill upgradation. This in turn also helps ensure business success.



We believe that praise and recognition are essential to create an outstanding workplace. Our Reward & Recognition programmes acknowledge the outstanding efforts of individuals and teams that are aligned to the organisational value system and business goals.

Our employees have been empowered with the 'I am SITI' app that include features like peer recognition, company updates, CEO Direct (to speak directly with the CEO), and sales tracking options among other features. Additionally, it offers employees the chance to be the Company's ambassadors by noting customer queries and leads from their daily interactions with family, friends and acquaintances.

### **HR AUTOMATION**

HR processes at SITI are fully automated. This helps boost the productivity of the overall organisation. This shift from manual to automated system has been aimed at maximising our people performance by offering them a number of features and services on a single platform. It also serves as an employee self-service window that features benefits, entitlements, performance parameters and assessment results.

**WE CREATE FORMAL AND STRUCTURED PROGRAMMES TO INDUCT AND INTEGRATE TALENT THAT IS BROUGHT INTO THE SYSTEM FROM DIVERSE INDUSTRIES.**

### **ROBUST PERFORMANCE MANAGEMENT SYSTEM**

Your Company follows a systematic process to review and recognise employee performance. We follow the balanced score card approach and conduct performance reviews on bi-annual basis. This enables us to align business activities to the vision and strategy of the organisation, improve internal and external communications, and monitor organisational performance against strategic goals.



# MAKING A DIFFERENCE BEYOND BUSINESS. WINNING HEARTS.

We continuously strive to help improve the lives of the people around us and the community at large. We believe Corporate Social Responsibility (CSR) is an integral part of our ethos, and being a responsible corporate citizen is fundamental to our vision.

Your Company is guided by the principal of 'Vasudhaiva Kutumbakam', a Sanskrit dictum on shared humanity, promoting a world where there is unity, harmony, and respect for every individual irrespective of caste and creed.



Your Company partners with the government, NGOs and other relevant stakeholders to give back to the society through variety of its programmes like plantation drives, donations for various causes through competitions and engagement initiatives for the children from local orphanages.

# GREAT STRATEGY GETS APPRECIATED

SITI Networks was awarded at multiple forums, for its leadership, execution and contribution to the industry.



**MR. V. D. WADHWA WAS THE FIRST RUNNER-UP IN THE BEST CEO CATEGORY AT ASIA COMMUNICATION AWARDS 2016**

- o **Asia's Best CEO Award**  
SITI Networks' Executive Director & CEO, Mr. V. D. Wadhwa was the first runner-up in the Best CEO category at Asia Communication Awards 2016, among 10 other leading CEO's from the Asia-Pacific Region.
- o **Outstanding MSO Providing Technology & Services**  
Awarded for outstanding customer centricity and being at the forefront of harnessing technological transformation and far-reaching innovation.
- o **Best CEO Award**  
Mr. V.D. Wadhwa, Executive Director & CEO, SITI Networks was awarded the Best CEO at the 7th BCS Ratna Awards. SITI's strategy of tighter control on cost lines and improving monetisation has started yielding results and the 2015-16 performance bears testimony to that. He spearheaded this growth and profit journey, and has helped transform SITI into the fastest growing company in cable and broadband by expanding the breadth and width of the Company's distribution.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### B. K Syngal

Independent Director

### Vinod Kumar Bakshi

Independent Director

### Sureshkumar Agarwal

Independent Director

### Kavita Kapahi

Independent Director

### Sandeep Khurana

Non-Executive Director

### V.D. Wadhwa

Executive Director &  
Chief Executive Officer

## AUDITORS

Walker Chandok & Co. LLP,  
Chartered Accountants, New Delhi.

## BANKERS

IDBI Bank Limited  
Axis Bank Limited  
ICICI Bank Limited  
Kotak Mahindra Bank Limited  
Standard Chartered Bank  
RBL Bank Limited

## OFFICES

### Registered Office

4th Floor, Madhu Industrial Estate,  
Pandurang Budhkar Marg, Worli,  
Mumbai 400013  
Phone No.:+91- (022) 43605555  
Email :- [csandlegal@sitinetworks.com](mailto:csandlegal@sitinetworks.com)

## Corporate Office

GYS Global Building (Tower A),  
4th Floor, Plot No A-3, 4 & 5,  
Sector - 125, Noida  
Ph No.: +91- (0120) 4526707  
Email :- [csandlegal@sitinetworks.com](mailto:csandlegal@sitinetworks.com)

## Regional Offices

**Delhi NCR** - FC- 9, Sector -16A, Film  
City,Noida-201301.

**Bengaluru** - United Mansions,  
4th Floor, 39, M.G. Road,  
Bengaluru -560001

**Hyderabad** - 6-2-935/2, Savitri  
Nilayam,Behind Bharat Petrol Pump,  
Khairatabad, Hyderabad - 500 004

**Allahabad** - 16/8, T.B.Sapru Road,  
Vrindavan Vihar, Opp.: Agneepath  
Colony, Civil Line, Allahabad-211001

**Kanpur** - 122/227, Sarojini Nagar,  
Sant Nagar Crossing,  
Kanpur 208002

**Indore** - 201-203 "Grravity Tower"  
2rd Floor, Dr.R.S.Bhandari Marg  
Janjeerwala Square, Indore - 452 001

**Kolkata** - 4th floor, Powergrid  
Building Plot no.J-1/15, Block EP  
Sector V, Salt Lake Electronics  
Complex, Kolkata -700091

**Jaipur** - 801-807, 8th Floor, Apex  
Tower (Mangalam) Tonk Road,  
Jaipur- 302019

**Karnal** - S.C.O 03, First Floor, Huda  
Market, Opp. Indian Bank Sec-9,  
Karnal,132001.

## SENIOR MANAGEMENT

### V. D. Wadhwa

Executive Director & CEO

### Anil Malhotra

Chief Operating Officer, Strategy and  
Compliances

### Vinay Chandhok

Chief Operating Officer, Operations

### Sanjeev Mahajan

Chief Operating Officer, Operations

### Anil Jain

Head, Finance & Accounts

### Bibhash Jha

Head, Content & Carriage

### Pankaj Dhingra

Chief Human Resources Officer

### Anil Jhamb

Chief Technology Officer, Broadband

### Sanjay Arya

Chief Technology Officer, Video

### Sanjay Jindal

Head, Projects

### Suresh Kumar

Company Secretary and Compliance  
Officer

### Saurabh Datta

Head, Marketing

# NOTICE

Notice is hereby given that the Tenth Annual General Meeting (AGM) of the Equity Shareholders of **Siti Networks Limited (Formerly known as 'Siti Cable Network Limited')** will be held at 'Hall of Culture', Nehru Center, Dr. Annie Besant Road, Worli, Mumbai - 400018 on Tuesday, the 27th day of September, 2016 at 3:30 p.m. to transact the following businesses:-

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company, on a standalone and consolidated basis, for the financial year ended March 31, 2016 including the Balance Sheet as at March 31, 2016, Statement of Profit & Loss of the Company for the financial year ended on that date, and the Reports of the Auditors and Directors thereon.
2. To ratify the appointment of M/s. Walker Chandiook & Co. LLP, Chartered Accountants, New Delhi, having Firm Registration No. 001076N/N500013, as the Statutory Auditors to carry out the Statutory Audit for the Financial Year 2016-17, at a remuneration to be determined by the Board of Directors of the Company.

## SPECIAL BUSINESS:

3. **To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:-**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') and rules made thereunder read with Schedule IV of the Act, Mr. B. K. Syngal (DIN 00002395), who holds the office of Independent Director of the Company until March 31, 2017 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his re-appointment for the second term, be and is hereby re-appointed for the second term as an Independent Director of the Company, not liable to retire by rotation, for a period of three years from March 31, 2017 to March 31, 2020."

4. **To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:-**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') and rules

made thereunder read with Schedule IV of the Act, Mr. Vinod Kumar Bakshi (DIN 00771934), who holds the office of Independent Director of the Company until March 31, 2017 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his re-appointment for the second term, be and is hereby re-appointed for the second term as an Independent Director of the Company, not liable to retire by rotation, for a period of three years from March 31, 2017 to March 31, 2020."

5. **To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:-**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') and rules made thereunder read with Schedule IV of the Act, Mr. Sureshkumar Agarwal (DIN 00773957), who holds the office of Independent Director of the Company until March 31, 2017 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his re-appointment for the second term, be and is hereby re-appointed for the second term as an Independent Director of the Company, not liable to retire by rotation, for a period of three years from March 31, 2017 to March 31, 2020."

6. **To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-**

**"RESOLVED THAT** pursuant to the provisions of Sections 152 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') and rules made thereunder, Mr. Sandeep Khurana (DIN 02118658), who was appointed as an Additional Director of the Company by the Board of Directors with effect from December 30, 2015 and who holds office up to the date of this Annual General Meeting in terms of Section 161(1) of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature of the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

7. **To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:-**

**“RESOLVED THAT** pursuant to the provisions of Section 5, 14 and all other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof, for the time being in force), the new set of Articles of Association of the Company, be and are hereby approved and adopted as the Articles of Association of the Company in the place and in exclusion and substitution of the existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors, be and is hereby authorised to do all such acts, deeds, matters and things as may in its absolute discretion deem necessary, proper or expedient to give effect to this resolution.”

8. ***To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:-***

**“RESOLVED THAT** in supersession of the Special Resolution passed by the Members on September 27, 2006 and pursuant to Section 94 of the Companies Act, 2013 (“Act”) read with Companies (Management and Administration) Rules, 2014 and other applicable statutory / regulatory provisions, all the Registers to be kept and maintained by the Company under Section 88 of the Act including Register of Members / Debenture holders / other security-holders, etc., and copies of Annual Returns prepared under Section 92 of the Act together with copies of certificates and documents be kept and maintained at the office of the Company’s Registrar and Share Transfer Agents M/s Link Intime India Private Limited, at C -13, Pannalal Silk Mills Compound, LBS Road, Bhandup West, Mumbai 400078, instead of the Registered Office of the Company.

9. ***To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:-***

**“RESOLVED THAT** pursuant to Sections 42, 62(1) (c), 71 and other applicable provisions, if any, of Companies Act, 2013 (hereinafter referred to as the “Act”), Foreign Exchange Management Act, 1999, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,

2009 (‘SEBI ICDR Regulations’), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 (‘SEBI Listing Regulations’), enabling provisions in the Memorandum and Articles of Association of the Company and provisions of any other applicable laws, rules and regulations (including any amendments thereto or re-enactments thereof for the time being in force) and subject to such approvals, consents, permissions and sanctions of the Securities and Exchange Board of India (SEBI), Government of India (GOI), Reserve bank of India (RBI) and all other appropriate and/or concerned authorities, or bodies and subject to such conditions and modifications, as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the ‘Board’ which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute, for the time being, to exercise the powers conferred on the Board by this resolution), the Board be and is hereby authorised to offer, issue and allot in one or more tranches, to investors whether Indian or Foreign, including Foreign Portfolio Investors, Foreign Institutional Investors, Financial Institutions, Non-Resident Indians, Corporate Bodies, Mutual Funds, Banks, Insurance Companies, Pensions Funds, Individuals or otherwise whether shareholder(s) of the Company or not (hereinafter collectively referred to as ‘Investors’), through an issue of Equity Shares or Bonds, Debentures and/or any other securities, including Foreign Currency Convertible Bonds or Depository Receipts convertible into Equity Shares of the Company at the option of the Company or the holder of such security, including by way of Qualified Institutional Placement (‘QIP’) to Qualified Institutional Buyers (‘QIB’) in terms of Chapter VIII of the SEBI ICDR Regulations, through one or more placements of Equity Shares (hereinafter collectively referred to as ‘Securities’), in domestic and/or one or more international markets whether by way of private placement or otherwise, in one or more tranches, so that the total amount raised through such issue(s) of Securities shall not exceed Rupee equivalent of USD 100 million.

**RESOLVED FURTHER THAT** in case of QIP issue:

(i) ‘relevant date’ means:-

- (a) in the event of allotment of Equity Shares, the date of the meeting in which the Board decides to open the proposed issue of Equity Shares;
  - (b) in the event of allotment of convertible securities, either the date of the meeting in which the Board decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the Equity Shares.
- (ii) the Board may offer a discount of up to 5% of the price at which the Equity Shares are to be offered pursuant to the QIP, computed in accordance with Chapter VIII of the SEBI ICDR Regulations;
  - (iii) the issue and allotment of Securities shall be made only to QIBs within the meaning of the SEBI ICDR Regulations and such Securities shall be fully paid up on its allotment, which shall be completed within 12 months from the date of passing of this resolution or such other time that may be allowed under the SEBI ICDR Regulations, from time to time;
  - (iv) the Securities shall not be eligible to be sold for a period of one year from the date of allotment, except on a recognised stock exchange or except as may be permitted by the SEBI ICDR Regulations; and
  - (v) the total amount raised in such manner shall not, together with the over-allotment option, exceed five times of the net worth of the Company as per its Audited Balance Sheet for the previous financial year.
- (ii) enter into any arrangements including for managing, advising, underwriting, marketing, listing and trading of Securities and to pay any fees, commissions, remunerations, expenses relating thereto;
  - (iii) issue placement and other offering documents, sign all deeds, documents and writings relating to such issue(s), allotment, listing etc. of such Securities;
  - (iv) create necessary charge on such of the assets and properties (whether present or future) of the Company in respect of Securities, if required, and approve, accept, finalise and execute facilities, sanctions, undertakings, agreements, promissory notes, credit limits and any of the documents and papers in connection with the issue of Securities; and
  - (v) generally do all such acts, deeds, matters and things, and settle any questions or difficulties that may arise in regard to the Issue(s) of Securities."

10. ***To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Ordinary Resolution:-***

**"RESOLVED THAT** pursuant to Regulation 31A and other relevant provisions, if any, of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and applicable provisions, if any, of the Companies Act, 2013, and pursuant to the communication received from Dr. Subhash Chandra, Mr.Laxmi Narain Goel, Mr.Jawahar Lal Goel, Mr.Ashok Kumar Goel referring their family arrangement and subject to necessary regulatory approval(s), if any, required, approval be and is hereby granted for declassifying Mr.Laxmi Narain Goel, Mr.Jawahar Lal Goel, Mr.Ashok Kumar Goel along with their respective family members and persons acting in concert with them (Outgoing Promoters), as "Promoters" of the Company and persons acting in concert with them.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorised to:-

- (i) determine the form, terms and timing of the Issue(s), including the class of investors to whom the Securities are to be issued and/or allotted, number of Securities to be issued / allotted in each tranche, issue price, face value, premium amount in the issue/conversion/ exercise/ redemption, rate of interest, redemption period, listings on one

**RESOLVED FURTHER THAT** Outgoing Promoters, post declassification would not:

- a. directly or indirectly, exercise control, over the affairs of the Company;
- b. have any special rights through formal or informal arrangements, shareholding agreements;
- c. exercise only those rights in the Company exercisable by an ordinary shareholder;
- d. along with Persons Acting in Concert and its group companies hold more than ten percent of the paid-up equity capital of the Company; and
- e. along with relatives act as key managerial person for a period of more than three years from the date of Shareholders' approval.

**RESOLVED FURTHER THAT** Mr.Laxmi Narain Goel along with his family members and persons acting in concert with them shall not be considered as Persons Acting in concert and relatives of Dr. Subhash Chandra for the purpose of applicable SEBI Regulations with regard to the Company.

**RESOLVED FURTHER THAT** Mr. Jawahar Lal Goel along with his family members and persons acting in concert with them shall not be considered as Persons

Acting in concert and relatives of Dr. Subhash Chandra for the purpose of applicable SEBI Regulations with regard to the Company.

**RESOLVED FURTHER THAT** Mr. Ashok Kumar Goel alongwith his family members and persons acting in concert with them shall not be considered as Persons Acting in concert and relatives of Dr. Subhash Chandra for the purpose of applicable SEBI Regulations with regard to the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take all such actions as may be necessary, desirable or expedient and to do all such necessary acts, deeds and things that may be incidental or pertinent to give effect to the aforesaid resolution."

**By Order & on behalf of the Board**

**Place : Noida**  
**Date : August 26, 2016**

**Suresh Kumar**  
**Company Secretary**  
**M.No. ACS 14390**

**Registered Office**

4th Floor, Madhu Industrial Estate,  
Pandurang Budhkar Marg,  
Worli, Mumbai 400013

**Notes:**

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll on his behalf, instead of himself/ herself and the proxy need not be a member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or member.
2. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. Corporate Members are requested to send to the Registered Office of the Company, a duly certified copy of the Board Resolution/Power of Attorney/ other valid authority, pursuant to Section 113 of the Companies Act, 2013 authorising their representative to attend and vote at the Annual General Meeting.
4. Members / Proxies should fill-in the attendance slip for attending the Meeting and bring their attendance slip along with their copy of Annual Report to the Meeting, as no copies will be made available at the meeting.

5. Additional information, pursuant to SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, on Directors recommended by the Board for appointment/reappointment at the Annual General Meeting forms part of the Report on Corporate Governance in the Annual Report.

In connection with Re-appointment of Mr. B.K. Syngal, Mr. Vinod Kumar Bakshi and Mr. Sureshkumar Agarwal as the Non - Executive Independent Director, the Board of Directors have reviewed the declarations made by them confirming that they meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 read with Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Board is of the opinion that they fulfills the conditions specified in the Act and the rules made there under and is independent of the management of the Company.

6. The Register of Members and Share Transfer Books of the Company will remain closed from September 21, 2016 to September 27, 2016 (both days inclusive).
7. Members who wish to obtain information on financial statements for the year ended 2016 and operations of the Company, if any, may send their queries at least seven days in advance of the meeting to the Company Secretary at the registered office of the Company or at email id [csandlegal@sitinetworks.com](mailto:csandlegal@sitinetworks.com).
8. Electronic Copy of the Annual Report for 2015-16 is being sent to all the Members whose email IDs are registered with the Company / Depository Participant(s) for communication. For Members who have not registered their email address, physical copies of the Annual Report for 2015-16 is being sent. The Annual Report may also be accessed on the Company's Website [www.sitinetworks.com](http://www.sitinetworks.com).
9. The Company has appointed M/s Link Intime India Private Limited, Mumbai as the Registrar and Share Transfer Agents with effect from July 1, 2016. Members are requested to notify immediately about any change in their address/e-mail address / bank details to their Depository Participant (DP) in respect of their shareholding in Demat mode and in respect of their physical shareholding to the Company's new Registrar and Share Transfer Agent, M/s Link

Intime India Private Limited at C -13 Pannalal Silk Mills Compound, LBS Road, Bhandup West, Mumbai 400078. Shareholders holding Equity Shares of the Company in physical form may register their email address with the Registrar and Share Transfer agent of the Company to receive all communications by the Company including Annual Report and Notice of Meeting(s) by email, by sending appropriate communication on [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in).

10. Members who hold shares in dematerialised form are requested to write their DP ID and Client ID number(s) and those who hold share(s) in physical form are requested to write their Folio Number(s) in the attendance slip for attending the Meeting to facilitate identification of membership at the Meeting.
11. As per Securities and Exchange Board of India (SEBI) notification, submission of Permanent Account Number (PAN) is compulsorily required for participation in the securities market, deletion of name of deceased shareholder or transmission/transposition of shares. Members holding shares in dematerialised mode are requested to submit the PAN details to their Depository Participant, whereas Members holding shares in physical form are requested to submit the PAN details to the Company's Registrars and Transfer Agents.
12. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company on all working days between 10.00 A.M. and 12.00 noon up to the date of the Meeting.
13. **E-voting**  
In compliance with Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Management and Administration) Rules, 2014 & Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is pleased to provide Members facility to exercise their right to vote at the 10th Annual General Meeting (AGM) by electronic means. The facility of casting votes by a member using an electronic voting system (remote e-voting) from a place other than venue of the AGM will be provided by Central Depository Services (India) Limited (CDSL) for all the business as detailed in this notice.



The remote e-voting period for all items of business contained in this Notice shall commence from Saturday, September 24, 2016 at 9.00 a.m. and will end on Monday, September 26, 2016 at 5.00 p.m. During this period equity shareholders of the Company holding shares either in physical form or in dematerialised form as on the cutoff date of September 20, 2016, may cast their vote electronically. The E-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by any Member, he/she shall not be allowed to change it subsequently.

14. The facility for voting by way of Ballot / Poll paper shall also be made available at the venue of the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
  15. The Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
  16. The voting rights of Members either by way of remote e-voting prior to the meeting or by way Ballot / Poll paper at the meeting shall be in proportion to their equity shareholding in the paid up equity share capital of the Company as on the Cut-off date of September 20, 2016.
  17. At the Annual General Meeting the Chairman of the meeting shall after discussions on all the resolutions on which voting is to be held, allow voting by use of Ballot / Poll Paper by all those members who are present at the meeting but have not cast their votes by availing the remote e-voting facility.
  18. The Company has appointed Mr. Satish K. Shah (C.P No. 3142) as a Scrutiniser to scrutinise the E-voting and Poll process in a fair and transparent manner and for conducting the scrutiny of the votes cast. The Scrutiniser shall, within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutiniser's Report of the votes cast in favour or against, if any, and submit forthwith to the Chairman of AGM/Executive Director of the Company. The results of the AGM will also be posted on the Company's website [www.sitinetworks.com](http://www.sitinetworks.com) and the website of the CDSL, besides communicating to the stock exchanges on which the shares of the Company are listed.
19. The instructions and process for e-voting are as under :-
- (i) The voting period begins on September 24, 2016 at 9.00 a.m. and ends on September 26, 2016 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date September 20, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (iii) Click on Shareholders.
  - (iv) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (v) Next enter the Image Verification as displayed and Click on Login.
  - (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

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**For Members holding shares in Demat Form and Physical Form**

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PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>● Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.</li> </ul>
Dividend Bank Details	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p>
<b>OR</b>	
Date of Birth (DOB)	<ul style="list-style-type: none"> <li>● If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

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(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant SITI NETWORKS LIMITED on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option 'YES' or 'NO' as desired. The option 'YES' implies that you assent to the Resolution and option 'NO' implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the Instructions as prompted by the mobile app while voting on your mobile.**

**(xix) Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

### **EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013**

#### **Items No. 3, 4 & 5**

At the Eighth (8th) Annual General Meeting held on August 12, 2014, Members of the Company had approved appointment of Mr. B. K. Syngal, Mr. Vinod Kumar Bakshi and Mr. Sureshkumar Agarwal, as Independent Directors of the Company not liable to retire by rotation. The current term of the said appointment of Mr. B. K. Syngal, Mr. Vinod Kumar Bakshi and Mr. Sureshkumar Agarwal, Independent Directors of the Company shall expire on

March 31, 2017. As per Section 149(10) of the Act an Independent Director shall be eligible for re-appointment for a second term on passing a Special Resolution by the Shareholders of the Company.

Since the current term of appointment of Independent Directors will expire before the next Annual General Meeting scheduled in 2017, your Board, based on the performance evaluation and after reviewing confirmation of independence received from these Directors, recommends the re-appointment of Mr. B.K. Syngal, Mr. Vinod Kumar Bakshi and Mr. Sureshkumar Agarwal for a second term of 3 years commencing from the expiry of their current term of appointment as Independent Director i.e. from April 1, 2017. The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with the amount of requisite deposit from the Members signifying their intention to propose the re-appointment of Mr. B. K. Syngal, Mr. Vinod Kumar Bakshi and Mr. Sureshkumar Agarwal as an Independent Director of the Company.

In the opinion of the Board, Mr. B. K. Syngal, Mr. Vinod Kumar Bakshi and Mr. Sureshkumar Agarwal who are proposed to be appointed for the second term as Independent Directors of the Company for a period of 3 years up March 31, 2020, fulfill the conditions specified under Section 149(6) and Schedule IV of the Companies Act 2013 read with Regulation 16 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and are Independent of the management.

Brief Profile and other details of Mr. B. K. Syngal, Mr. Vinod Kumar Bakshi and Mr. Sureshkumar Agarwal forms part of the Corporate Governance Report.

Your Board recommends the Special Resolution(s) as set out in Item Nos. 3, 4 & 5 for your approval.

None of the Directors and/or Key Managerial Personnel of the Company or their relatives, except Mr. B. K. Syngal, Mr. Vinod Kumar Bakshi and Mr. Sureshkumar Agarwal (whose appointments are proposed in the resolution of their respective appointment as an Independent Director) are in any way concerned or interested in the Resolutions as set out in Item Nos. 3, 4 & 5 of this Notice.

### Items No. 6

Based on the recommendation of Nomination and Remuneration Committee of the Board, the Board of Directors of the Company had appointed Mr. Sandeep Khurana as an Additional Director of the Company in the category of Non – Executive Non - Independent with effect from December 30, 2015. Pursuant to Section 161(1) of the Companies Act, 2013 read with Article 85 of the Articles of Association of the Company, Mr. Sandeep Khurana holds office as Additional Director till the date of Annual General Meeting. The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with the amount of requisite deposit from one of the member signifying his intention to propose the appointment of Mr. Sandeep Khurana as a Director.

The brief profile of Mr. Sandeep Khurana forms a part of the Corporate Governance Report.

Your Board recommends the Ordinary Resolution as set out in Item No. 6 for your approval.

None of the Directors and/or Key Managerial Personnel or their relatives thereof other than Mr. Sandeep Khurana (whose appointment is proposed in this resolution) are in way is concerned or interested in this Resolution.

### Items No. 7

The existing Articles of Association contains reference to the provisions of the Companies Act, 1956 and since the changes required to align it with the Companies Act, 2013 are numerous, it is considered expedient to replace the existing Articles of Association with the new set of Articles of Association.

In terms of the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, approval of the Members by way of special resolution is required for adoption of a new set of Articles of Association. The New Articles of Association will be uploaded on the website of the Company at [www.sitinetworks.com](http://www.sitinetworks.com) for perusal by the shareholders and will also be available for inspection at the Registered Office of the Company on any working day between 10.00 A.M. and 12.00 noon upto the date of AGM and will also be available for inspection at the venue of the AGM.

Your Board recommends the Special Resolution as set out in Item No. 7 for your approval.

None of the Directors, Key Managerial Personnels of the Company or their relatives, in any way, concerned or interested in the said Resolution.

### Items No. 8

Your Company has appointed M/s Link Intime India Private Limited as the Registrar & Share Transfer Agents ('R&T Agent') effective from July 1, 2016 for providing services relating to transfer, transmission etc. of Equity Shares of the Company replacing the earlier R&T Agent M/s Sharepro Services (India) Pvt Ltd. Since the R&T agent has been charged with the duty, *inter alia*, of maintaining and updating the Register & Index of Members and Share Transfer Register and other particulars, including Annual Returns and annexure thereto, it will be convenient for them to maintain if these are located at their office at C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup, West, Mumbai 400 078, rather than at the Registered office of the Company.

Section 94 of the Companies Act, 2013, permits the Company to maintain its Registers and Annual Returns at any place other than its Registered Office subject to Members approval by way of a Special Resolution. A copy of the proposed resolution is being forwarded in advance to the Registrar of Companies, Maharashtra, Mumbai, as required under the said Section 94(1) of the Companies Act, 2013.

Your Board recommends the Special resolution as set out in Item no. 8 for your approval.

None of the Directors and/or Key Managerial Personnel of the Company or their relatives are in any way concerned or interested in the said Resolution.

### Items No. 9

The Members of the Company in their 9th Annual General Meeting held on August 27, 2015 had approved by passing a special resolution for raising of funds up to USD 100 million. However, the said limit of USD 100 million has remained un-utilised.

Since the validity of the Shareholders' approval as per Regulation 88(1) of Securities and Exchange Board of India (Issue of Capital

and Disclosure Requirements) Regulations, 2009 ('SEBI ICDR Regulations'), is 12 months, it is therefore proposed to seek fresh approval of the Shareholders in this regard.

Therefore, your Board of Directors has proposed to raise funds by issuance of Equity Shares or Bonds, Debentures and/or any other securities, either by way of Public Issue, Private Placement or Qualified Institutional Placement within the meaning of SEBI (ICDR) Regulations, 2009 (SEBI Regulations) or through Issuance of Depository Receipts, Foreign Currency Convertible Bonds, etc (hereinafter collectively referred to as 'Securities'), in domestic and/ or one or more international markets whether by way of private placement or otherwise, in one or more tranches, so that the total amount raised through such issue(s) of Securities shall not exceed Rupee equivalent of USD 100 million, for meeting *inter alia* expenditures in connection with implementation of DAS (Digital Addressable System) in Phase 4; ongoing acquisition of Multi System Operators (MSO) / Local Cable Operators (LCOs) and Primary Points; Business expansion including Value Added Services (VAS) etc.; reduction of debts; working capital requirements; and other general corporate business purposes.

Section 62(1) read with Sections 42 and 71 and other applicable provisions, if any, of the Companies Act, 2013 provides, *inter alia* that whenever it is proposed to issue further shares or securities convertible into shares, the same shall be offered to the existing Shareholders of the Company in the manner laid down in the said Section, unless shareholders decide otherwise by passing a Special Resolution.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of Sections 42, 62(1)(c), 71 and other applicable provisions, if any, of the Companies Act, 2013 and /or applicable SEBI regulations, authorising the Board to issue Securities, as stated in the Special Resolution as set out in Item No. 9 of the Notice, which may result in issuance of further Securities of the Company to persons other than the existing Members of the Company in accordance with the terms and nature of the Securities.

Your Board recommends the Special Resolution as set out in Item No. 9 of the Notice for your approval.

None of the Directors, Key Managerial Personnels of the Company or their relatives, in any way, concerned or interested in the said Resolution.

#### Items No. 10

The Company has received a communication from Dr. Subhash Chandra, Mr. Laxmi Narain Goel, Mr. Jawahar Lal Goel, Mr. Ashok Kumar Goel referring their family arrangement, for declassifying Mr. Laxmi Narain Goel, Mr. Jawahar Lal Goel, Mr. Ashok Kumar Goel along with their respective family members and persons acting in concert with them, as "Promoters" of the Company and persons acting in concert with them.

Mr. Laxmi Narain Goel, Mr. Jawahar Lal Goel and Mr. Ashok Kumar Goel alongwith their respective family members and persons acting in concert with them shall not be considered as Persons Acting in concert and relatives of Dr. Subhash Chandra for the purpose of applicable SEBI Regulations with regard to the Company.

Regulation 31A (5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, *inter alia* requires a Company to have approval of its shareholders in place for any declassification of promoters.

Therefore, your Board recommends the Resolution as set out in Item No. 10 for your approval.

Company would make necessary application to National Stock Exchange of India Ltd and BSE Limited to seek their approval for declassifying the Promoter / Promoter Group, as required.

None of the Directors and/or Key Managerial Personnel of the Company or their relatives, in any way, concerned or interested in the resolution

**By Order & on behalf of the Board**

**Place : Noida**  
**Date : August 26, 2016**

**Suresh Kumar**  
**Company Secretary**  
**M.No. ACS 14390**

#### Registered Office

4th Floor, Madhu Industrial Estate,  
Pandurang Budhkar Marg,  
Worli, Mumbai 400013

# DIRECTORS' REPORT

## To the members,

Your Directors have pleasure in presenting the 10th Annual Report on the business and operations of the Company, together with the audited financial statements for the year ended March 31, 2016.

## FINANCIAL HIGHLIGHTS

The Financial Performance of your Company for the year ended March 31, 2016 is summarised below:

(₹ million)

Particulars	Consolidated	
	2015-16	2014-15
Revenue from operations	11,889	9,059
Other Income	240	311
<b>Total Income</b>	<b>12,129</b>	<b>9,370</b>
<b>Total Expenses</b>	<b>8,900</b>	<b>7,686</b>
<b>EBIDTA</b>	<b>3,229</b>	<b>1,684</b>
Less: Finance costs	1,378	1,209
Less : Depreciation	1,632	1,328
<b>Profit/(loss) before tax, Exceptional Items and Prior period</b>	<b>219</b>	<b>(853)</b>
Prior period	21	-
<b>Profit/(loss) before tax &amp; Exceptional Items</b>	<b>198</b>	<b>(853)</b>
Provision for Taxation (Net)	131	167
<b>Profit/(loss) after tax &amp; Exceptional Items</b>	<b>67</b>	<b>(1,020)</b>
Amount transferred to General Reserve	5,120	1,151

There have been no material changes and commitments that have occurred after close of the financial year till the date of this report, which affect the financial position of the Company.

Based on the internal financial control framework and compliance systems established in the Company, the work performed by Statutory, Internal, Secretarial Auditors and reviews performed by the management and/or relevant Audit and other Committees of the Board, your Board is of the opinion that the Company's internal financial controls were adequate and working effectively during financial year 2015-16.

## BUSINESS OVERVIEW

Your Company started the journey this year with a resolve to comprehensively digitise Phase 3 areas and expand strategically in select states, with the intent to utilise market leadership to drive price leadership, since we have always been focused on subscription driven revenue growth.

Your Company was successful to a large extent in executing its plans and added 2.7 mn subscriber relationships in Digital Cable in FY16 and now has 8.3 million digital customers. The pursuit of consolidation in an opportunistic and value accretive manner led to increased presence in select new markets and the expansion of the cable universe to 12.2 million as we finished the year. Your Company is confident of deriving considerable synergies and economies of scale from these acquisitions and expects the industry to further consolidate

as it matures. The Company intends to digitise the remaining Phase 3 & contiguous Phase 4 areas, increase the HD subscriber base and provide more Value Added Services such as OTT and others.

In the broadband space, your Company intensified focus and increased the base to 1,67,000 subscribers in Delhi & Kolkata as of 30th June 2016. The focus was on stabilising and consolidating the service offering as we moved from a pure play DOCSIS network to a Hybrid GPON enabled network which will ensure better customer service levels and ease of maintenance. You will be happy to know that the Company has managed to ensure a more robust service with improved customer satisfaction levels and steady network metrics. The Company is looking to expand significantly in Broadband this year with a roll-out in multiple states

Your Company continued to maintain focus on adherence to the changing regulatory landscape, since we have always stressed on doing business in an ethical manner and play a proactive role in the development of the Industry. In this context, the All India Digital Cable Federation (AIDCF), led by the CEO of your Company continued to interact with the Ministry of Information & Broadcasting, TRAI and other Government authorities for redressal of the issues concerning the Industry. In addition, AIDCF continues to closely work with other Industry bodies such as IBF, CII, FICCI, ASSOCHAM to ensure close co-ordination and more nuanced recommendations

The pace of digitisation was hobbled due to multiple petitions from various parties. It is a concern area which is likely to impact the current year performance; however, we do not see it impacting the long term business prospects of the industry. We welcome the passage of the GST Constitution Amendment Bill which will ensure rationalisation of taxes and make Cable more affordable to the public considering it is the most popular medium of entertainment for the common man. Your Company is working closely with the sector regulator on a variety of issues such as Interconnect Agreements, Content Pricing Models and others to ensure that the regulation developed is bespoke to the Indian environment and enhances the value chain to benefit the end consumer

Your Company continued to maintain Industry leading subscription revenue growth and expect operational synergies to be apparent this fiscal once monetisation levels improve. We worked closely with our business associates to enable them to adjust to the changing regulations & technologies, offer better service to the customer and improve ARPU's. We signed Pan India Fixed Fee deals with leading content providers to ensure the best of content for our subscribers and get long term cost visibility plus ability to deploy rapidly.

Your Company continues to reskill/ retrain the workforce in new technologies and processes as well as refresh the workforce by bringing in new talent from customer facing industries in line with our renewed focus on the end consumer. The Company sees this as significantly improving its execution capabilities and making the organisation more proactive and nimble. At the same time, the Company refined its systems and processes to allow quick decision making and execution, balancing this with adequate checks and balances.

In financial terms, FY2015-16 was a year of focused execution for your Company, as a result of which, there was a profitable turnaround of the Company for the first time in its history with Profit after Tax of ₹ 90 million and Profit before Tax at ₹ 221 million. Your Company's consolidated revenue grew by 30% to ₹ 1,213 million from ₹ 9,370 million in 2015. Operating Revenue, excluding activation grew at 14% YoY to reach ₹ 9,995 million. Subscription revenue grew by 6% YoY, Carriage revenue grew by 3% YoY and broadband revenue grew by 83% YoY as Management continues the transition to a "dual play" organisation and expands presence in high growth services.

EBITDA grew 92% to ₹ 3,230 million compared to ₹ 1,684 million last year. Operating EBITDA, excluding activation was at ₹ 1,095 million, due to delays in monetisation of Phase 3.

The Company received fresh capital infusion of ₹ 530 crore from Promoter Entities which significantly strengthened the balance sheet and also goes to show the belief that they have in the future potential of the Company.

In FY17, Capital expenditure shall continue to be moderate to high, as we focus on steady expansion of Broadband and multi-city rollout and closure of digitisation process in Cable. We expect operating synergies to play out this year leading to an improvement in recurring cash flows

By the end of this year, your Company will be closer to our destination in the journey of digitisation and have better scale in the wireline broadband space. Our aim is to provide the consumer the best of the content in a platform neutral manner and ultimately evolve into a more customer responsive organisation

### **CHANGE OF NAME OF THE COMPANY**

Pursuant to Special Resolution passed by the Members of the Company on July 27, 2016 under Section 13 and other applicable provisions, if any, of the Companies Act, 2013, through Postal Ballot process, the Registrar of Companies, Maharashtra, Mumbai, has changed the name of the Company from "Siti Cable Network Limited" to "Siti Networks Limited" vide Certificate of Incorporation pursuant to change of name dated August 5, 2016.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134 of the Companies Act, 2013 and based on representations received from the operating management, the Directors hereby confirm that :-

- i. in the preparation of the Annual Accounts, the applicable Accounting Standards has been followed and no material departures have been made from the same;
- ii. they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the loss of the Company for the financial year ended on that date;
- iii. they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv. they had prepared the Annual Accounts on a going concern basis;
- v. they had laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and
- vi. they had devised proper systems to ensure compliances with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **DIRECTORS & KEY MANAGERIAL PERSONNEL**

Your Board currently comprises of 6 Directors including 4 Independent Directors, 1 Non-Executive Director and an Executive Director.

In terms of Section 149 and 152 of the Companies Act, 2013 and SEBI Listing Regulations, the appointment of women Director Ms.Kavita Kapahi, in the category of Independent Director was confirmed in the 9th Annual General Meeting of the Company held on August 27, 2015. Ms. Kapahi holds office, not subject to retire by rotation, for a term of three (3) years w.e.f. March 31, 2015.

During the period under review, Dr. Subhash Chandra and Mr. Subodh Kumar resigned as Director of the Company w.e.f. April 4, 2015 and October 27, 2015 respectively.

Based on recommendations by the Nomination and Remuneration Committee, your Board had approved appointment of Mr.Sandeep Khurana as an Additional Director of the Company in the category of Non- Executive Non-Independent Director with effect from December 30, 2015. In terms of Section 161 of the Companies Act 2013, Mr. Sandeep Khurana shall hold office up to the date of the ensuing Annual General Meeting. Your Company has received a notice in writing along with requisite deposit pursuant to Section 160 of Companies Act, 2013, proposing appointment of Mr. Sandeep Khurana as Director of the Company and your Board recommends appointment of Mr. Sandeep Khurana as a Director of the Company, liable to retire by rotation.



Pursuant to the Members approval at the 8th Annual General Meeting of the Company held on August 12, 2014, Mr. B.K. Syngal, Mr. Vinod Kumar Bakshi and Mr. Sureshkumar Agarwal, were appointed as Independent Directors of the Company for a period of 3 years till March 31, 2017. Special Resolutions seeking Members' approval for re-appointing them as Independent Director(s) for the second term of 3 years from expiry of their current terms form part of the Notice of the ensuing Annual General Meeting. Your Company has received notice(s) in writing along with requisite deposit pursuant to Section 160 of Companies Act, 2013, proposing their appointment for the second term and based on performance evaluation and contributions made by Mr. B. K. Syngal, Mr. Vinod Kumar Bakshi and Mr. Sureshkumar Agarwal, as Independent Directors of the Company, your Board recommends their appointment for the second term of 3 years upon expiry of their current term.

A brief resume of the Directors proposed to be re-appointed, the nature of their expertise in specific functional areas, names of companies in which they have held directorships, committee memberships/ chairmanships, their shareholding etc., are furnished in the Corporate Governance Report.

In compliance with the requirements of Section 203 of the Companies Act, 2013, Mr.V.D.Wadhwa, Executive Director & CEO, Mr.Anil Jain, Head – Finance & Accounts and Mr. Suresh Kumar, Company Secretary of the Company continue as Key Managerial Personnel. Mr. Sanjay Goyal resigned as the Chief Finance Officer of the Company w.e.f June 8, 2015.

Pursuant to the provisions under Section 134(3)(d) of the Companies Act, 2013, with respect to statement on declaration given by Independent Directors under Section 149(6) of the Act, the Board hereby confirms that all the Independent Directors of the Company have given a declaration and have confirmed that they meet the criteria of independence as provided in the said Section 149(6) read with Regulation 16 of SEBI Listing Regulations.

## BOARD AND COMMITTEE MEETINGS

The Board met six times during the financial year, the details of which are given in the Corporate Governance Report that forms part of the Annual Report.

In compliance with the requirements of Companies Act, 2013 and Listing Agreements/ SEBI Listing Regulations, your Board had constituted various Board Committees including Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. Details of the constitution of these Committees, which are in accordance with regulatory requirements, have been uploaded on the website of the Company viz. [www.sitinetworks.com](http://www.sitinetworks.com).

Details of scope, constitution, terms of reference, number of meetings held during the year under review along with attendance of Committee Members therein form part of the Corporate Governance Report annexed to this report.

## BOARD EVALUATION

In a separate meeting of Independent Directors, performance of non-independent Directors, performance of the Board as a whole was evaluated. Based on such report of the meeting of Independent Directors and taking into account the views of Executive Directors and Non-Executive Directors the Board had evaluated its performance on various parameters such as Board composition and structure, effectiveness of Board processes, effectiveness of flow of information, contributions from each Directors etc.

## AUDITORS

### Statutory Auditors

Pursuant to Section 139 of the Companies Act, 2013 and the Rules made thereunder, the current Statutory Auditors of the Company, Walker Chandiok & Co. LLP, Chartered Accountants, having Firm Registration No. 001076N/ N500013, were appointed by the Members at 9th Annual General Meeting of the Company to hold office until the conclusion of the Annual General Meeting to be held in year 2020, subject to ratification at every Annual General Meeting.

The Members are requested to ratify the appointment of Walker Chandiook & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company and to fix their remuneration.

### Secretarial Auditors

M/s Amit Agrawal & Associates, Company Secretaries in Whole Time Practice, having Firm Registration No. I2001DE191600, were appointed as Secretarial Auditors of the Company for the financial year 2015-16 pursuant to Section 204 of the Companies Act, 2013. The Secretarial Audit Report submitted by them in the prescribed form MR- 3 is annexed to this report as Annexure – I and forms part of the same.

The reports of Statutory Auditor and Secretarial Auditor forming part of this Annual Report do not contain any qualification, reservation or adverse remarks. During the year the Statutory Auditors had not reported any matter under Section 143(12) of the Act, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.

### SUBSIDIARIES

During the period under review, the Company has acquired 51% stake in Siti Prime Uttaranchal Communication Private Limited, Siti Sagar Digital Cable Network Private Limited (formerly known as 'Panchsheel Digital Communication Network Pvt. Ltd. '), Siti Saistar Digital Media Private Limited (formerly known as 'Saistar Digital Media Private Limited'), Siti Godaari Digital Services Pvt. Ltd. (formerly known as 'Bargachh Digital Communication Network Private Limited') and 100% stake in Variety Entertainment Private Limited. Indian Cable Net Company Limited, subsidiary company of the Company has also acquired stake in two companies i.e. 100% stake in Indinet Service Private Limited and 50% stake in Axom Communications & Cable Private Limited, accordingly these companies also become step down subsidiary companies of the Company.

Accordingly, as on March 31, 2016, your Company had 25 no. of subsidiary companies as compared to 18 as on March 31, 2015.

Your Company has prepared the Consolidated Financial Statements in accordance with the Section 129(3) of the Companies Act, 2013 read with AS 21 (Consolidated Financial Statements), Accounting Standard AS 23 (Accounting for Investments in Associates) and AS 27 (Financial Reporting of Interests in Joint Ventures).

Further, in compliance with Section 129 of the Act, a statement containing requisite details including financial highlights of the operation of all the subsidiaries in Form AOC-I is annexed to this report as Annexure – II and forms part of the same.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements including the consolidated financial statements and related information of the Company and audited accounts of each of the subsidiaries are available on the website of the Company [www.sitinetworks.com](http://www.sitinetworks.com). These documents will also be available for inspection during business hours at the Registered Office of the Company.

### DEPOSITS

During the year under review, your Company has not accepted or invited any deposits under Chapter V of the Companies Act, 2013.

### DIVIDEND

In view of the losses during the year under review, your Directors have not recommended any dividend either on Equity Shares or Preference Shares for the year under review.

### EMPLOYEE STOCK OPTION SCHEME

Pursuant to the approval of the Members at the 9th Annual General Meeting held on August 27, 2015, the Company adopted the "SITI ESOP 2015". Earlier ESOP Scheme 2007 ceases to be effective. During the year under review, 46,63,500 options were granted to eligible employees of the Company in terms of 'SITI ESOP 2015'. Further, it is confirmed that the ESOP Scheme of the Company is in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014.

The applicable disclosures as stipulated under Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 with regard to Employee Stock Option plan of the Company are available on website [www.sitinetworks.com](http://www.sitinetworks.com).

### RIGHTS ISSUE OF SHARES – RECEIPTS AND UTILISATION

Against the offer of 2,36,767,351 Equity Shares of ₹ 1/- each issued at a price of ₹ 19/- per share (including premium of ₹ 18/- per share) aggregating to ₹ 4,498.58 million during the financial year 2009-10 on rights issue basis, your Company had received a sum of ₹ 4,488.27 million. During the year under review, the remaining unutilised portion of ₹ 75.87 million out of said proceeds of rights issue money had completely been utilised in accordance with the objectives of the issue.

During the financial year 2014-15 your Company had allotted 63,174,540 Equity Share of ₹ 1/- each issued at a price of ₹ 35/- per share (including premium of ₹ 34/- per share) aggregating to ₹ 2,211.11 million to Qualified Institutional Buyers under Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009. During the year under review, the remaining unutilised portion of ₹ 2,194.01, out of the total proceeds of ₹ 2,211.11 million, had completely been utilised in accordance with the objectives of the issue.

Against the allotment of 1,42,857,142 Warrants and 51,428,571 Optionally Fully Convertible Debentures (OFCDs) {'Warrant(s)' and 'OFCD(s)' collectively referred to as "security(ies)"} to Promoters / Promoter entities on preferential basis, at a price of ₹ 35/- per security (including premium of ₹ 34/- per security), your Company had received a sum of ₹ 5,300.00 million. During the year under review, out of the total proceeds of ₹ 5,300.00 million, your Company has utilised an amount of ₹ 4,209.51 million in accordance with the objectives of the said issue.

### SHARE CAPITAL

During the period under review, the authorised share capital of the Company has been increased from ₹ 1,000 million to ₹ 1,300 million, by creation of additional 300,000,000 (Three Hundred Million) Equity Shares of ₹ 1/- each vide resolution passed by the Members of the Company in their Extra-Ordinary General Meeting held on February 4, 2016.

The paid-up Equity Share Capital of the Company as on March 31, 2016 has increased to ₹ 794.14 million comprising of 794,147,420 equity shares of ₹ 1/- each, due to allotted of:-

- 85,714,285 no. of Equity Shares on February 19, 2016 to Direct Media & Cable Private Limited, Promoter / Promoter Group entity upon conversion of equal number of Warrants allotted on preferential basis; and
- 30,800,000 no. of Equity Shares on March 28, 2016 to Digital Satellite Media & Broadband Private Limited, Promoter / Promoter Group entity upon conversion of equal number of Optionally Fully Convertible Debentures (OFCDs) allotted on preferential basis.

### WARRANTS AND OFCDS

Your Company had allotted on February 19, 2016:-

- 142,857,142 no. of Warrants, convertible into equivalent number of Equity Shares of ₹ 1 each of the Company, to the Promoters / Promoters Group entities on preferential basis, at an issue price of ₹ 35/- (including premium of ₹ 34/-) per Warrant. Out of these Warrants, 85,714,285 no. of fully paid Warrants had been cancelled and converted into equal no. of Equity Shares of ₹ 1/- each; and
- 51,428,571 no. of Optionally Fully Convertible Debentures (OFCDs), convertible into equivalent number of Equity Shares of ₹ 1 each of the Company, to the Promoter/Promoter Group entity on preferential

basis, at an issue price of ₹ 35/- (including premium of ₹ 34/-) per OFCD. Out of these OFCDs, 30,800,000 no. of fully paid OFCDs had been cancelled and converted into equal no. of Equity Shares of ₹1/- each.

### REGISTERED OFFICE

Due to some construction work at registered office of the Company causing the hindrance and disturbance to the general working of the Company, the Board of Directors of the Company had shifted the Registered office of the Company from "135, Continental Building, Dr. Annie Besant Road, Worli, Mumbai - 400018" to "Madhu Industrial Estate, 4th Floor, P. B Marg, Worli, Mumbai - 400013" with effect from May 25, 2016.

### REGISTRAR & SHARE TRANSFER AGENT

During the first quarter of Calendar Year 2016, there were certain allegations of fraud and malpractices in the conduct and operations of Sharepro Services (India) Pvt Ltd ('Sharepro'), who has been the Registrar and Share Transfer (R&T) Agent of the Company and upon preliminary investigations, SEBI had issued an order dated March 22, 2016 *inter alia* restraining Sharepro from involving in market related activities. The Assurance Audit of records and systems of Sharepro done at the behest of your Company by M/s MKB Associates, Company Secretaries did not reveal any irregularity or violations with respect to transfer / transmission in connection with Equity Shares of the Company, during the audit period from January 2007 - March 2016.

Subsequently, in pursuance of the advisory issued by SEBI vide Order dated March 22, 2016 and considering that key employees were leaving Sharepro which could affect R&T services at Sharepro in future, your Company has appointed M/s Link Intime India Private Limited as the R&T Agent in place of Sharepro, with effect from July 1, 2016.

### CORPORATE GOVERNANCE & POLICIES

Your Company has been constantly reassessing and benchmarking itself with well-established Corporate Governance practices besides strictly complying with the requirements of SEBI Listing Regulations and applicable provisions of Companies Act, 2013.

In terms of Schedule V of the Listing Regulations, a detailed report on Corporate Governance together with the Compliance Certificate issued by Secretarial Auditor of the Company is attached to this Annual Report. Management's Discussion and Analysis Report and Business Responsibility Report as per Listing Regulations are presented as separate section forming part of the Annual Report. The said Business Responsibility Report will also be available on the Company website [www.sitinetworks.com](http://www.sitinetworks.com) as part of the Annual Report.

In compliance with the requirements of Companies Act, 2013 and SEBI Listing Regulations, your Board has approved various Policies including Code of Conduct for Directors & Senior Management, Material Subsidiary Policy, Insider Trading Code, Document Preservation Policy, Material Event Determination and Disclosure Policy, Fair Disclosure Policy, Corporate Social Responsibility Policy, Whistle Blower and Vigil Mechanism Policy, Related Party Transaction Policy and Remuneration Policy. All these policies and codes have been uploaded on Company's corporate website [www.sitinetworks.com](http://www.sitinetworks.com). Additionally, Directors Familiarisation Programme and Terms and Conditions for appointment of Independent Directors can be viewed on Company's website [www.sitinetworks.com](http://www.sitinetworks.com)

In compliance with the requirements of Section 178 of the Companies Act, 2013, the Nomination & remuneration Committee of your Board had fixed various criteria for nominating a person on the Board which *inter alia* include desired size and composition of the Board, age limits, qualification / experience, areas of expertise and independence of individual. The Committee had also approved in-principle that the initial term of an Independent Director shall not exceed 3 years. Your Company has also adopted a Remuneration Policy, salient features whereof is annexed to this report as Annexure - IV and forms part of the same.

### CORPORATE SOCIAL RESPONSIBILITY

The Company aims to remain essential to the society with its social responsibility, strongly connected with the principle of sustainability. It is responsibility of your Company to

practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interest of Stakeholders.

Even though Section 135 of the Companies Act, 2013 is not applicable to the Company as it does not fall under any of the eligibility criteria prescribed therein, the Company has formulated the Corporate Social Responsibility Committee.

## DISCLOSURES

- i. Loans, Guarantee or Investments Made by the Company:** Particulars of loans, guarantees and investments made by the Company required under section 186(4) of the Companies Act, 2013 are contained in Note No. 14 to the Standalone Financial Statements.
- ii. Related Parties Transactions:** None of the transactions with related parties fall under the scope of Section 188(1) of the Act. Information on material transactions with related parties pursuant to Section 134(3) (h) of the Act, read with rule 8(2) of the Companies (Accounts) Rules, 2014, in form AOC-2 is annexed to this report as Annexure – III and forms part of the same.
- iii. Extract of Annual Return:** The extract of annual return in MGT -9 as required under Section 92(3) of the Act read with Companies (Management & Administration) Rules, 2014 is annexed to this report as Annexure – V and forms part of the same.
- iv. Internal Financial Control systems and their adequacy:** Your Company has approved internal financial controls and policies/procedures to be adopted by the Company for orderly and efficient conduct of the business including safeguarding of assets, prevention and detection of frauds and errors, ensuring accuracy and completeness of the accounting records and the timely preparation of reliable financial information. The Audit Committee evaluates the internal financial control system periodically.

The details in respect of internal financial control and their adequacy are included in the Management Discussion & Analysis, which forms part of this report.

- v. Risk Management:** The Company is well aware of these risks and challenges and has put in place mechanisms to ensure that they are managed and mitigated with adequate timely actions. The Audit Committee of the Board of Directors is responsible for reviewing the risk management plan and ensures its effectiveness. Major risks identified by the business and functions are systematically addressed through mitigating actions on a continuous basis.

The details in respect of Risk Management are included in the Management Discussion & Analysis, which forms part of this report.

- vi. Vigil Mechanisms/ Whistle Blower Policy:** The Company has established a vigil mechanism/framed a whistle blower policy. The policy enables the employees and other stakeholders to report to the management instances of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. This policy is reviewed annually by the Audit Committee to check the effectiveness of the policy.

- vii. Sexual Harassment:** The Company has zero tolerance for Sexual Harassment at workplace and has adopted a Policy on prevention of Sexual Harassment in line with the provisions of Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder.

During the year under review, your Company has not received any complaint on sexual harassment.

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

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company is a Multi System Operator (MSO) and is carrying on business of, *inter alia*, reception of signals of channels of various Broadcasters and distribution of same

through cable networks. Since this does not involve any manufacturing activity, most of the Information required to be provided under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, are nil / not applicable.

However the information as applicable is given hereunder:-

<b>Conservation of Energy:</b>		
1	The steps taken or impact or conservation of energy	Your Company, being a service provider, requires minimal energy consumption and every endeavour is made to ensure optimal use of energy, avoid wastages and conserve energy as far as possible.
2	The steps taken by the company for utilising alternate sources of energy	
3	The capital investment on energy conservation equipments	
<b>Technology Absorption:</b>		
1	The efforts made towards technology absorption	Your Company uses latest technology and equipment's for distribution of Cable TV signals. However since the Company is not engaged in any manufacturing, the information in connection with technology absorption is Nil.
2	The benefits derived like product improvement, cost reduction, product development or import substitution	
3	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	
	a. the details of technology imported	
	b. the year of import;	
	c. whether the technology been fully absorbed	
	d. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	
4.	The expenditure incurred on Research and Development	

## Foreign Exchange Earnings and Outgo:

The details of Foreign Exchange Earnings and Outgo are mentioned in Note Nos. 39, 40 & 41 of the Notes forming part of the Standalone Financial Statements of the Company.

## HUMAN RESOURCES

Your Company strongly believes that human capital will play an integral and important role in the efficient execution that SITI Networks is known for. Accordingly, we ensure that our employees are carefully nurtured, trained and empowered to take decisions. Talent has been recruited from various customer facing Industries, in line with our strategy of becoming a more customer responsive

business. This ensure a pervasiveness of new ideas, approaches and energy which helps the organisation respond to change nimbly and execute dynamically

The Company actively encourages outperformance and provides clear career paths to employees so that they can play an active role in the evolution of the Organisation and become partners in the business. We strive for the emotional and professional connect that propels employees to take responsibility and leadership.

We clearly recognise that human resources will continue to play a differentiating role as the Industry evolves.

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is attached as Annexure - VI which forms part of this report.

### **ACKNOWLEDGEMENT**

Your Directors' place on record their appreciation of the contribution made by the employees at all levels. Your Directors also express their gratitude for valuable support and cooperation extended by various Governmental Authorities mainly Ministry of Information

and Broadcasting, Ministry of Communication and Information Technology, Telecom and Regulatory Authority of India and other stakeholders including local cable operators, bankers, financial institutions, viewers, broadcasters, vendors and other service providers, and also look forward to their continued support in future.

**For and on behalf of the Board**

**B. K. Syngal**  
Independent Director  
DIN 00002395

**V D Wadhwa**  
Executive Director and CEO  
DIN 00439684

**Place : Noida**  
**Date : August 26, 2016**

## ANNEXURE – I

### Form No. MR-3

#### SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
SITI Cable Network Ltd.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. SITI Cable Network Ltd. (hereinafter called the "Company") having its registered office at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai-400018 for the audit period covering the financial year ended on March 31, 2016. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the SITI Cable Network Ltd. books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the SITI Cable Network Ltd. for the financial year ended on 31st March, 2016 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;



- g) ~~The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;~~ place during the period under review were carried out in compliance with the provisions of the Act.
- h) ~~The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;~~ Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) The Listing Agreements entered into by the Company with the Stock Exchange(s) Majority decision is carried through unanimously while the dissenting members' views are captured and recorded as part of the minutes.
- (vii) The Telecom Regulatory Authority of India (Amendment Act, 2014) We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- We have also examined compliance with the applicable clauses of the following :
- (i) Secretarial Standards issued by the Institute of Company Secretaries of India We further report that during the audit period the Company has provide details of specific events/ actions having a major bearing on the Company's Affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.
- (ii) Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Changes in the composition of the Board of Directors that took

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

For **Amit Agrawal & Associates**  
(Companies Secretaries)

**CS Amit Agrawal**  
(Proprietor)  
M. No. F5311  
C.P. No. : 3647

Place : Delhi  
Date : May 20, 2016

## ANNEXURE – II

### Statement containing salient features of the financial statement of subsidiaries/ associates companies/ joint ventures

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

#### PART "A": SUBSIDIARIES

Name of the Subsidiary	Indian Cable Net Company Ltd.	Master Channel Community Network Pvt. Ltd.	Siti Vision Digital Media Pvt. Ltd.	Siti Bhatia Network Entertainment Pvt. Ltd.	Siti Maurya Cable Net Pvt. Ltd.	Siti Jai Maa Durgee Communications Pvt. Ltd.	Siti Guntur Digital Network Pvt. Ltd.	Siti Krishna Digital Media Pvt. Ltd.	Siti Faction Digital Pvt. Ltd.
Reporting Period	April 1, 2015 March 31, 2016	April 1, 2015 March 31, 2016	April 1, 2015 March 31, 2016	April 1, 2015 March 31, 2016	April 1, 2015 March 31, 2016	April 1, 2015 March 31, 2016	April 1, 2015 March 31, 2016	April 1, 2015 March 31, 2016	April 1, 2015 March 31, 2016
Reporting Currency	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million
Share Capital	865.54	0.50	14.78	0.20	90.28	0.10	0.10	0.10	0.10
Reserve & Surplus	2,438.99	107.05	(86.25)	(22.71)	166.78	(64.49)	18.58	1.93	(9.48)
Total Asset	6,388.02	546.94	701.77	92.76	631.68	26.33	102.33	45.24	175.22
Total Liabilities	3,083.49	439.39	773.24	115.27	374.62	90.72	83.64	43.21	184.60
Investments	117.90	-	-	8.42	-	-	-	-	-
Turnover	3,008.98	295.87	263.26	42.83	376.48	16.29	116.28	39.85	59.27
Profit before taxation	145.70	63.29	(52.51)	1.09	82.86	(18.91)	10.09	1.13	(1.26)
Provision for taxation	49.64	21.41	(3.08)	0.36	27.60	-	3.76	0.07	0.50
Profit after taxation	96.06	41.88	(49.43)	0.73	55.26	(18.91)	6.33	1.05	(1.75)
Proposed Dividend	0.01	-	-	-	-	-	-	-	-
% of shareholding	60.02%	66.00%	51.00%	51.00%	50.10%	51.00%	74.00%	51.00%	51.00%

Name of the Subsidiary	Siti Global Pvt. Ltd.	Siti Siri Digital Network Pvt. Ltd.	Siti Karnal Digital Media Network Pvt. Ltd.	Siti Broadband Services Pvt. Ltd.	Siti Jind Digital Media Communications Pvt. Ltd.	Siti Jony Digital Cable Network Pvt. Ltd.	Central Bombay Cable Network Ltd.	Wire and Wireless Tisai Satellite Ltd.	Siticable Broadband South Ltd.
Reporting Period	April 1, 2015 March 31, 2016	April 1, 2015 March 31, 2016	April 1, 2015 March 31, 2016	April 1, 2015 March 31, 2016	April 1, 2015 March 31, 2016	April 1, 2015 March 31, 2016	April 1, 2015 March 31, 2016	April 1, 2015 March 31, 2016	April 1, 2015 March 31, 2016
Reporting Currency	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million
Share Capital	0.10	0.10	0.10	0.10	2.00	0.10	0.50	0.50	2.33
Reserve & Surplus	(7.12)	40.28	(19.85)	4.48	2.94	(0.79)	(16.53)	(77.03)	(13.92)
Total Asset	50.01	1,094.68	165.03	233.27	83.38	15.64	8.13	31.87	29.43

Name of the Subsidiary	Siti Global Pvt. Ltd.	Siti Siri Digital Network Pvt. Ltd.	Siti Karnal Digital Media Network Pvt. Ltd.	Siti Broadband Services Pvt. Ltd.	Siti Jind Digital Media Communications Pvt. Ltd.	Siti Jony Digital Cable Network Pvt. Ltd.	Central Bombay Cable Network Ltd.	Wire and Wireless Tisai Satellite Ltd.	Siticable Broadband South Ltd.
Total Liabilities	57.03	1,054.29	184.78	228.68	78.44	16.33	24.16	108.40	41.03
Investments	-	-	-	-	-	-	0.39	-	-
Turnover	15.54	420.17	55.29	396.31	55.24	8.65	-	-	-
Profit before taxation	(2.17)	59.00	(24.95)	6.55	(0.04)	0.10	(0.46)	(4.03)	(4.58)
Provision for taxation	0.27	26.97	1.03	2.02	0.41	0.59	-	-	-
Profit after taxation	(2.44)	32.03	(25.98)	4.53	(0.45)	(0.49)	(0.46)	(4.03)	(4.58)
Proposed Dividend	-	-	-	-	-	-	-	-	-
% of shareholding	51.00%	51.00%	51.00%	100.00%	51.00%	51.00%	100.00%	51.00%	100.00%

Name of the Subsidiary	Indinet Service Private Limited	Siti Prime Uttaranchal Communication Private Limited	#Siti Sagar Digital Cable Network Private Limited	*Siti Saistar Digital Media Private Limited	^ Siti Godaari Digital Services Private Limited	Variety Entertainment Private Limited	Axom Communications & Cable Private Limited
Reporting Period	August 19, 2015 March 31, 2016	September 30, 2015 March 31, 2016	August 22, 2015 March 31, 2016	February 12, 2016 March 31, 2016	January 11, 2016 March 31, 2016	January 29, 2016 March 31, 2016	March 31, 2016 March 31, 2016
Reporting Currency	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million
Share Capital	0.10	0.20	0.10	0.10	0.10	0.10	2.50
Reserve & Surplus	(0.08)	28.73	1.04	(10.93)	2.45	(20.78)	45.68
Total Asset	0.14	92.39	75.04	287.43	99.64	581.52	436.50
Total Liabilities	0.12	63.46	73.90	298.26	97.09	602.20	388.32
Investments	-	-	-	-	-	-	-
Turnover	-	33.41	33.29	96.19	45.41	194.04	-
Profit before taxation	(0.11)	5.56	1.53	(18.38)	3.55	(1.71)	-
Provision for taxation	(0.03)	1.71	0.47	(5.67)	1.10	1.79	-
Profit after taxation	(0.08)	3.84	1.06	(12.70)	2.45	(3.50)	-
Proposed Dividend	-	-	-	-	-	-	-
% of shareholding	100.00%	51.00%	51.00%	51.00%	51.00%	100.00%	50.00%

# formerly known as 'Panchsheel Digital Communication Network Private Limited'

\* formerly known as 'Saistar Digital Media Private Limited'.

^ formerly known as 'Bargachh Digital Communication Network Private Limited'.

## PART "B" ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

<b>Name of Associates/ Joint Ventures</b>	Siti Chhattisgarh Multimedia Private Limited
<b>Latest Audited Balance Sheet date</b>	-
<b>Share of Associate/ Joint Ventures held by the Company on the year end</b>	-
● No.	123,000
● Amount of Investment in Associates/ Joint Ventures	1,230,000
● Extend of Holding %	41%
<b>Description of How there is significant influence</b>	-
<b>Reason why the associate/ joint venture is not consolidated</b>	There is complete deadlock in Board and the matter is pending before Company Law Board, Western Bench u/s 397 & 398 of Companies Act, 1956.
<b>Networth attributable to shareholding as per latest audited Balance Sheet</b>	-
<b>Profit/ Loss for the Year</b>	-
i. Considered in Consolidation	-
ii. Not Considered in Consolidation	-

## ANNEXURE – III

## PARTICULARS OF RELATED PARTY TRANSACTIONS

## Form No. AOC-2

{Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014}

Form for disclosures of particulars of contracts/arrangement entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:

### 1. DETAILS OF CONTRACTS OR ARRANGEMENT OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS:

Your Company has not entered into any contract/ arrangement /transaction with its related parties which is not in ordinary course of business or not at arm's length basis during the financial year 2015-16.

### 2. DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENT OR TRANSACTIONS AT ARM'S LENGTH BASIS:

(a) Name(s) of the related party and nature of relationship :

Sl.No.	Name(s) of the related party	Nature of relationship
1.	Direct Media & Cable Private Limited	Promoters / Promoter Group entities
2.	Arrow Media & Broadband Private Limited	
3.	Digital Satellite Media & Broadband Private Limited	

(b) Nature of contracts/arrangement/transactions:

Your Company had allotted on February 19, 2016:-

- 85,714,285 no. of Warrants and 57,142,857 no. of Warrants (aggregating to 142,857,142 no. of Warrants) to Direct Media & Cable Private Limited and Arrow Media & Broadband Private Limited respectively on preferential basis. Out of these Warrants, 85,714,285 no. of fully paid Warrants allotted to Direct Media & Cable Private Limited had been cancelled and converted into equal no. of Equity Shares of ₹ 1/- each; and
- 51,428,571 no. of Optionally Fully Convertible Debentures (OFCDs) to Digital Satellite Media & Broadband Private Limited on preferential basis. Out of these OFCDs, 30,800,000 no. of fully paid OFCDs had been cancelled and converted into equal no. of Equity Shares of ₹ 1/- each.

(c) Duration of the contracts/arrangements/transactions: Not Applicable

(d) Salient terms of the contracts/arrangement/transactions:

The aforesaid Warrants and OFCDs allotted to Promoters / Promoter Group entities are convertible into equal no. of Equity Shares of ₹1 each of the Company, at an issue price of ₹ 35/- (including premium of ₹ 34/-) per Warrant/OFCDs in accordance with terms of the issue and Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

(e) Date(s) of approval by the Board, if any: January 5, 2016

(f) Amount paid as advances, if any: Not Applicable

## ANNEXURE – IV

### EXTRACT OF REMUNERATION POLICY

#### 1. OBJECTIVE

This Policy aims to attract, retain and motivate the Members of the Board of Directors, Senior Managers viz: CEO, and other employees who are at one level below the Key Managerial Personnel or Functional Heads of the Company, by remunerating them reasonably and sufficiently so as to run the operations of the Company successfully.

The Policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

#### 2. GUIDING PRINCIPLES

The guiding principle of this Policy is that the remuneration and other terms of engagement / employment shall be competitive enough to ensure that the Company is in a position to attract, retain and motivate right kind of human resource(s) for achieving the desired growth set by the Company's management year on year thereby creating long-term value for all stakeholders of the Company.

While designing the remuneration package, efforts are to be made to ensure that the remuneration matches the level in comparable companies, whilst also taking into consideration requisite competencies, qualifications, industry experience, efforts required and the scope of the work.

The Nomination and Remuneration Committee while considering a remuneration package shall ensure balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

The Nomination and Remuneration Committee believes that a successful remuneration policy must ensure that a significant part of the remuneration

package should be linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.

#### 2.1. Remuneration of Executive Members on the Board:

Any Executive Member(s) on the Board shall be paid remuneration which shall comprise of fixed monthly basic salary, allowances & perquisites such as House Rent Allowance or furnished / unfurnished housing accommodation in lieu thereof, car with or without chauffeur, telephone for office as well as personal use, reimbursement of medical expenses, leave travel allowance, stock options, statutory and non-statutory allowances such as education allowances, personal allowances, travel allowances, subscription allowances etc. as may be recommended by the Nomination and Remuneration Committee / Board of Directors and approved by the Members of the Company from time to time.

However, the overall remuneration of executive member(s) on the Board, where there are more than one, shall not exceed 10% of the net profit calculated in the manner provided under the Companies Act, 2013 and Rules framed thereunder, and shall not exceed 5% in case there is only one executive member on the Board. In the event of loss or inadequacy of profit in any financial year during the currency of tenure of services of an executive member of the Board, the payment of remuneration shall be governed by the applicable limits prescribed under the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

Executive Members of the Board other than the Managing Director shall be employed under service contracts for a period not exceeding 3 (three) years at a time, on the terms & other conditions and remuneration as recommended by the Nomination and Remuneration Committee and approved by the

Members of the Company at the General Meeting(s). Executive members of the Board shall not be eligible to receive any sitting fees for attending any meeting of the Board of Directors or Committee thereof.

## **2.2. Remuneration of Non-Executive Members of the Board:**

The remuneration payable to the Non-Executive member(s) of the Board shall be limited to sitting fees payable to them for attending the meetings of the Board and / or Committees thereof excluding Finance Sub-Committee, and reimbursement of expenses for participation in the Board and other meetings. Independent Director(s) of the Company shall not be entitled to any stock option issued or proposed to be issued by the Company. The performance of the nonexecutive members of the Board shall be reviewed by the Board on an annual basis.

## **2.3 Remuneration of Executive Management comprising of Senior Management & Key Managerial Personnel:**

The Company believes that a combination of fixed and performance-linked pay to the Executive Management shall ensure that the company can attract and retain key employees. The performance-linked incentive based on Company performance and performance of the employee concerned each year

shall be considered and approved by the Nomination & Compensation Committee, annually inter-alia for the Executive Management. Additionally subject to appropriate approval of shareholders, the Company may consider issuance of stock options to Senior Management.

The Nomination & Compensation Committee will from time to time consider proposals concerning the appointment and remuneration of the Key Managerial Personnel and ensure that the proposed remuneration is in line with industry standards in comparable companies. Such proposals then shall be submitted to the Board for approval. The remuneration of the members of the Executive Management may consist of the following components:

- Basic salary and Allowances
- Performance linked incentive / bonus
- Stock options
- Allowances & Perquisites as per rules of the Company including Company car, telephone etc.

Executive Management shall not be eligible to receive any remuneration, including sitting fees, for directorships held in any of the Essel Group of Companies, whether listed or otherwise.

## ANNEXURE – V

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2016  
[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### Form No. MGT-9

#### I. REGISTRATION AND OTHER DETAILS

CIN	L64200MH2006PLC160733
Registration Date	March 24, 2006
Name of the Company	Siti Networks Limited (Formerly known as Siti Cable Network Limited)
Category / Sub-Category of the Company	Company limited by Shares Indian Non –Government Company
Address of the Registered Office and contact details	# 135, Continental Building, Dr. Annie Besant Road, Worli, Mumbai - 400 018 Ph No.: 91-(022) 43605555
Whether listed company	Yes
Name, Address and contact details of Registrar & Transfer Agents (RTA), if any	* Sharepro Services (India) Private Limited 13 AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (E) Mumbai - 400 072. Ph No.:+91-(022) 67720400

# With effect from May 25, 2016, the Registered Office of the Company has been shifted to 4th Floor, Madhu Industrial Estate, Pandurang Budhkar Marg, Worli, Mumbai 400013, Ph No.: +91-(022) 43605555

\* With effect from July 1, 2016, Link Intime India Private Limited having its address at C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai 400 078, has been appointed as the Registrar and Share Transfer Agent of the Company in place of Sharepro Services (India) Private Limited.

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Name and Description of main Products / Services	NIC Code of the Product/ Service	% to total turnover of the Company
Cable TV Services	61103	100%



**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Siti Vision Digital Media Private Limited B-10, Lawrence Road, Industrial Area, New Delhi - 110035	U64201DL2006PTC149333	Subsidiary	51.00	2(87)
2	Siti Jind Digital Media Communications Private Limited B-10, Lawrence Road, Industrial Area, New Delhi - 110035	U72200DL2010PTC210107	Subsidiary	51.00	2(87)
3	Siti Jai Maa Durgee Communications Private Limited B-10, Lawrence Road, Industrial Area, New Delhi - 110035	U64200DL2011PTC224429	Subsidiary	51.00	2(87)
4	Siti Bhatia Network Entertainment Private Limited Near Bank Of India, Dayalband, Bilaspur, Chhattisgarh - 495001.	U92100CT2010PTC021657	Subsidiary	51.00	2(87)
5	Siti Krishna Digital Media Private Limited G-366, Preet Vihar, Delhi - 110092.	U74140DL2011PTC220702	Subsidiary	51.00	2(87)
6	Siti Guntur Digital Network Private Limited B-10, Lawrence Road, Industrial Area, New Delhi - 110 035	U64204DL2012PTC240121	Subsidiary	74.00	2(87)
7	Siti Jony Digital Cable Network Private Limited B-10, Lawrence Road, Industrial Area, New Delhi - 110 035	U64204DL2012PTC242214	Subsidiary	51.00	2(87)
8	Siti Faction Digital Private Limited B-10, Lawrence Road, Industrial Area, New Delhi - 110 035	U64200DL2012PTC244184	Subsidiary	51.00	2(87)
9	Siti Maurya Cable Net Private Limited J-1/15, Block EP, 4th Floor, Sector-V, Electronics Complex, Kolkata - 700091	U93000WB2012PTC184542	Subsidiary	50.10	2(87)
10	Master Channel Community Network Private Limited Flat No: T4 & T5, 3rd Floor Vijaya Apartments, Mogulrajpuram, Vijayawada, Andhra Pradesh 520010	U72200AP1994PTC017527	Subsidiary	66.00	2(87)
11	Siti Global Private Limited B-10, Lawrence Road, Industrial Area, New Delhi - 110 035	U64200DL2014PTC264632	Subsidiary	51.00	2(87)
12	Wire And Wireless Tisai Satellite Limited Madhu Industrial Estate, 4th Floor, Pandurang Budhkar Marg, Worli, Mumbai-400013	U72400MH2007PLC171233	Subsidiary	51.00	2(87)
13	Central Bombay Cable Network Limited B-10, Lawrence Road, Industrial Area, New Delhi - 110 035	U72100DL1999PLC102012	Subsidiary	100.00	2(87)

S. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
14	Siticable Broadband South Limited United Mansions, 3rd Floor no.39, M.G. Road, Bangalore, Karnataka - 560001	U64202KA2001PLC028970	Subsidiary	100.00	2(87)
15	Siti Broadband Services Private Limited B-10, Lawrence Road, Industrial Area, New Delhi - 110 035	U64100DL2014PTC267911	Subsidiary	100.00	2(87)
16	Indian Cable Net Company Limited J-1/15, Block EP, 4th Floor, Sector-V, Electronics Complex, Kolkata - 700091	U92132WB1995PLC075754	Subsidiary	60.02	2(87)
17	Siti Karnal Digital Media Network Private Limited B-10, Lawrence Road, Industrial Area, New Delhi - 110 035	U64200DL2014PTC269230	Subsidiary	51.00	2(87)
18	Siti Siri Digital Network Private Limited 32.2/1-1A, Ratnamamba Street, Mogalrajpuram Vijayawada, Andhra Pradesh-520010	U93000AP2013PTC088687	Subsidiary	51.00	2(87)
19	Indinet Service Private Limited J-1/15, Block-EP, Salt Lake Electronic Complex Sector-V, Salt Lake City Kolkata -700091	U74900WB2015PTC207490	Subsidiary	100.00	2(87)
20	Siti Prime Uttaranchal Communication Private Limited B-10, Lawrence Road, Industrial Area, New Delhi - 110 035	U64200DL2014PTC269035	Subsidiary	51.00	2(87)
21	#Siti Sagar Digital Cable Network Private Limited B-10, Lawrence Road, Industrial Area, New Delhi - 110 035	U64203DL2014PTC269185	Subsidiary	51.00	2(87)
22	^Siti Godaari Digital Services Private Limited B-10, Lawrence Road, Industrial Area, New Delhi - 110 035	U64200DL2015PTC280428	Subsidiary	51.00	2(87)
23	Variety Entertainment Private Limited Door no. 5-10-95, Margadarsi house Opp. Police Control Room, Nampally, Hyderabad 500 004	U92132TG1998PTC029754	Subsidiary	100.00	2(87)
24	*Siti Saistar Digital Media Private Limited 15, Baroda Peoples Society Nr. Sarabhai Char Rast B/H. Alkapuri Vadodara - 390005	U64204GJ2013PTC073773	Subsidiary	51.00	2(87)
25	Axom Communications & Cable Private Limited Surya Tower, 5th Floor B. Baruah Road Guwahati - 781007	U64204AS2011PTC010716	Subsidiary	50.00	2(87)

# formerly known as 'Panchsheel Digital Communication Network Private Limited'

\* formerly known as 'Saistar Digital Media Private Limited'.

^ formerly known as 'Bargachh Digital Communication Network Private Limited'.

## IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

### (i) Category –wise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year			
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares
<b>A. PROMOTERS</b>								
<b>(1) Indian</b>								
(a) Individual/HUF	1,021,000	0	1,021,000	0.15	1,021,000	0	1,021,000	0.13
(b) Central Govt	0	0	0	0.00	0	0	0	0.00
(c) State Govt (s)	0	0	0	0.00	0	0	0	0.00
(d) Bodies Corp.	262,040,427	0	262,040,427	38.67	378,554,712	0	378,554,712	47.67
(e) Banks / FI	0	0	0	0.00	0	0	0	0.00
(f) Any Other...	0	0	0	0.00	0	0	0	0.00
<b>Sub-total (A) (1):-</b>	<b>263,061,427</b>	<b>0</b>	<b>263,061,427</b>	<b>38.82</b>	<b>379,575,712</b>	<b>0</b>	<b>379,575,712</b>	<b>47.80</b>
<b>(2) Foreign</b>								
(a) NRIs -Individuals	0	0	0	0	0	0	0	0
(b) Other-Individuals	0	0	0	0	0	0	0	0
(c) Bodies Corporates	184,181,000	0	184,181,000	27.18	184,181,000	0	184,181,000	23.19
(d) Banks / FI	0	0	0	0.00	0	0	0	0.00
(e) Any Other...	0	0	0	0.00	0	0	0	0.00
<b>Sub-total (A) (2):-</b>	<b>184,181,000</b>	<b>0</b>	<b>184,181,000</b>	<b>27.18</b>	<b>184,181,000</b>	<b>0</b>	<b>184,181,000</b>	<b>23.19</b>
<b>Total shareholding of Promoter (A) =(A) (1)+(A)(2)</b>	<b>447,242,427</b>	<b>0</b>	<b>447,242,427</b>	<b>66.00</b>	<b>563,756,712</b>	<b>0</b>	<b>563,756,712</b>	<b>70.99</b>
<b>B. PUBLIC SHAREHOLDING</b>								
<b>1. Institutions</b>								
(a) Mutual Funds	49,115,929	500	49,116,429	7.25	49,310,936	500	49,311,436	6.21
(b) Banks / FI	112,301	0	112,301	0.02	130,969	0	130,969	0.02
(c) Central Govt	0	0	0	0.00	0	0	0	0.00
(d) State Govt(s)	0	0	0	0.00	0	0	0	0.00
(e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00
(f) Insurance Companies	4,001	0	4,001	0.00	4,001	0	4,001	0.00
(g) FIs	83,904,465	5,500	83,909,965	12.38	104,030,992	5,500	104,036,492	13.10
(h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00
(i) Others (specify)	0	0	0	0.00	0	0	0	0.00
<b>Sub-total (B)(1):-</b>	<b>133,136,696</b>	<b>6,000</b>	<b>133,142,696</b>	<b>19.65</b>	<b>153,476,898</b>	<b>6,000</b>	<b>153,482,898</b>	<b>19.33</b>

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year			
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares
<b>2. Non-Institutions</b>								
(a) Bodies Corporate	30,572,008	4,972	30,576,980	4.51	16,678,449	8,310	16,686,759	2.10
(b) Individuals								
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	45,155,947	368,995	45,524,942	6.72	40,357,246	185,872	40,543,118	5.11
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	13,641,958	0	13,641,958	2.01	13,450,568	0	13,450,568	1.69
(c) Others (specify)								
Foreign Bodies	1	0	1	0.00	1	0	1	0.00
NRI	7,298,852	200,702	7,499,554	1.11	5,954,814	194,702	6,149,516	0.77
Overseas Corporate Bodies	75	0	75	0.00	75	0	75	0.00
Trust	4,002	0	4,002	0.00	77,773	0	77,773	0.01
Foreign National	500	0	500	0.00	0	0	0	0.00
<b>Sub-total (B)(2):-</b>	<b>96,673,343</b>	<b>574,669</b>	<b>97,248,012</b>	<b>14.35</b>	<b>76,518,926</b>	<b>388,884</b>	<b>76,907,810</b>	<b>9.68</b>
<b>Total Public Share-holding (B)=(B)(1)+(B)(2)</b>	<b>229,810,039</b>	<b>580,669</b>	<b>230,390,708</b>	<b>34.00</b>	<b>229,995,824</b>	<b>394,884</b>	<b>230,390,708</b>	<b>29.01</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>677,052,466</b>	<b>580,669</b>	<b>677,633,135</b>	<b>100.00</b>	<b>793,752,536</b>	<b>394,884</b>	<b>794,147,420</b>	<b>100.00</b>

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares held	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares held	
1	Direct Media Solutions Private Ltd	140,000,000	20.66	72.82	140,000,000	17.63	53.95	# 3.03
2	Essel Media Ventures Limited	116,431,000	17.18	0.00	116,431,000	14.66	0.00	# 2.52
3	Essel International Limited	67,750,000	10.00	0.00	67,750,000	8.53	0.00	# 1.47
4	Digital Satellite Holdings Private Limited	71,369,898	10.53	88.00	71,369,898	8.99	91.93	# 1.54
5	Bioscope Cinemas Private Limited	50,670,529	7.48	34.54	50,670,529	6.38	59.03	# 1.10
6	Ashok Mathai Kurien *Direct Media	1,021,000	0.15	0	1,021,000	0.13	0	# 0.02
7	Solutions Private Limited *Digital Satellite Media	0	0	0	85,714,285	10.79	100.00	100.00
8	& Broadband Private Limited	0	0	0	30,800,000	3.88	0	100.00
<b>Total</b>		<b>447,242,427</b>	<b>66.00</b>	<b>24.75</b>	<b>563,756,712</b>	<b>70.99</b>	<b>32.33</b>	

# Change in percentage of shareholding is due to change in paid up share capital of the Company.

\* Direct Media Solutions Private Limited and Digital Satellite Media & Broadband Private Limited became the Promoter of the Company during the financial year 2015-16.

### (iii) Change in Promoters' Shareholding

Sl. No.	Particulars	Shareholding at the beginning of the year		Shareholding at the end of the year	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
<b>1</b>	<b>Direct Media &amp; Cable Private Ltd</b>				
	At the beginning of the Year	0	0	-	-
	19/02/2016 (Allotment)	85,714,285	11.23	85,714,285	11.23
	At the end of the Year	-	-	85,714,285	10.79
<b>2</b>	<b>Digital Satellite Media &amp; Broadband Private Limited</b>				
	At the beginning of the Year	0	0	-	-
	28/03/2016 (Allotment)	30,800,000	3.88	30,800,000	3.88
	At the end of the Year	-	-	30,800,000	3.88

### (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Particulars	Shareholding at the beginning of the year (April 1, 2015)		Shareholding at the beginning of the year (March 31, 2016)	
	No. of shares	% of Equity Capital	No. of shares	% of Equity Capital
Morgan Stanley Asia (Singapore) PTE. \$	10,420,995	1.54	35,491,633	4.47
HDFC Trustee Company Limited-HDFC Equity Fund \$	26,533,000	3.92	32,907,100	4.14
Polus Global Fund \$	21,549,030	3.18	14,949,030	1.88
Swiss Finance Corporation (Mauritius) Limited \$	10,988,282	1.62	12,708,282	1.60
DSP Blackrock Micro Cap Fund \$	12,954,671	1.91	11,754,575	1.48
Citigroup Global Markets Mauritius Private Limited \$	6,431,063	0.95	7,225,119	0.91
Copthall Mauritius Investment Limited \$	6,446,624	0.95	6,446,624	0.81
Amal N Parikh \$	5,511,400	0.81	4,848,162	0.61
HDFC Trustee Company Limited - HDFC Tax Saver fund @	-	-	4,645,970	0.59
Goldman Sachs (Singapore) PTE \$	8,969,569	1.32	3,586,526	0.45
Religare Finvest Ltd #	9,823,931	1.45	2,587,291	0.32

#### Note :

- The shares of the Company are substantially held in dematerialised form and are traded on a daily basis and hence date wise increase/decrease in shareholding is not indicated.
- \$ denotes common top 10 shareholders as on April 1, 2015 and March 31, 2016
- # denotes top 10 shareholders only as on April 1, 2015
- @ denotes top 10 shareholders only as on March 31, 2016

**(v) Shareholding of Directors and Key Managerial Personnel:-****Shareholding of Director-**

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the Year	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
1	<b>Ms. Kavita Kapahi *(Director)</b>				
	At the beginning of the Year	50	0.00	50	0.00
	Date wise increase / decrease in Director				
	Shareholding during the year (reason)	-	-	50	0.00
	At the End of the Year	50	0.00	50	0.00

\*Except Ms. Kavita Kapahi none of the Director holds any share in the Company.

**Shareholding of Key Managerial Personnel:-**

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the Year	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
1	<b>Mr. Sanjay Goyal *(Chief Finance Officer)</b>				
	At the beginning of the Year	77,840	0.01	77,840	0.01
	Date wise increase / decrease in Director				
	Shareholding during the year (reason)	-	-	-	-
	At the End of the Year	-	-	0	0.00

\* Mr. Sanjay Goyal resigned from the Company w.e.f. June 8, 2015.

None of the KMP held any Equity Shares of the Company either at the beginning of the year or during the year or at the end of the year.

## V. INDEBTEDNESS

### Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	13,475.05	-	-	13,475.05
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	32.60	-	-	32.60
<b>Total (i+ii+iii)</b>	<b>13,507.65</b>	<b>-</b>	<b>-</b>	<b>13,507.65</b>
Change in Indebtedness during the financial year				
Addition	4,360.93	722.00	-	5,082.93
Reduction	(7,316.60)	-	-	(7,316.60)
Net Change	(2,955.67)	722.00	-	(2,233.67)
Indebtedness at the end of the financial year				
i) Principal Amount	10,519.38	722.00	-	11,241.38
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	22.77	-	-	22.77
<b>Total (i+ii+iii)</b>	<b>10,542.15</b>	<b>722.00</b>	<b>-</b>	<b>11,264.15</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Executive Director and Manager

Sl. No.	Particulars of Remuneration	Mr. V.D. Wadhwa* (Executive Director & CEO)	Total Amount
(₹ million)			
1	<b>Gross salary</b>		
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14.95	14.95
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.00
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00
2	Stock Option	0.00	0.00
3	Sweat Equity	0.00	0.00
4	Commission as % of profit	0.00	0.00
5	Others, please specify	0.00	0.00
	<b>Total (A)</b>		<b>14.95</b>
	<b>Ceiling as per the Act</b>		<b>13.33</b>



**B. Remuneration to other Directors:**

(₹ million)

Sl. No.	Particulars of Remuneration	Mr. B. K. Syngal	Mr. Sureshkumar Agarwal	Mr. Vinod Kumar Bakshi	Ms. Kavita Kapahi	Mr. Sandeep Khurana	Total Amount
<b>1</b>	<b>Independent Directors</b>						
	Fee for attending board / committee meetings	0.34	0.08	0.34	0.06	-	0.82
	Commission	-	-	-	-	-	0
	Others, please specify	-	-	-	-	-	0
	<b>Total (1)</b>	<b>0.34</b>	<b>0.08</b>	<b>0.34</b>	<b>0.06</b>	<b>-</b>	<b>0.82</b>
<b>2</b>	<b>Other Non-Executive Directors</b>						
	Fee for attending board / committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Managerial Remuneration</b>	<b>0.34</b>	<b>0.08</b>	<b>0.34</b>	<b>0.06</b>	<b>-</b>	<b>0.82</b>

₹ 4.1million (As per Section 197(5) of the Companies Act, read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company may pay sitting fee up to ₹ 1 Lakh per meeting of the Board or Committee thereof)

**C. Remuneration to the Key Managerial Personnel other than Managing Director/Manager/ Whole Time Director**

(₹ million)

Sl. No.	Particulars of Remuneration	Mr. Sanjay Goyal* (Chief Finance Officer)	Mr. Anil Jain# (Head-Finance & Accounts)	Mr. Suresh Kumar (Company Secretary)	Total
<b>1</b>	<b>Gross salary</b>				
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2.95	3.75	2.12	8.82
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.00	0.00	0.00
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00
4	Commission as % of profit	0.00	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00	0.00
	<b>Total</b>	<b>2.95</b>	<b>3.75</b>	<b>2.12</b>	<b>8.82</b>

\*Mr. Sanjay Goyal resigned from the Company w.e.f. June 8, 2015. The above salary details of Mr. Sanjay Goyal is for period April 1, 2015 to June 8, 2015.

#Mr. Anil Jain was appointed w.e.f. June 1, 2015. The above salary details of Mr. Anil Jain is for the period June 1, 2015 to March 31, 2016.

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: None**

## ANNEXURE – VI

### PARTICULARS OF REMUNERATION OF EMPLOYEES

{Pursuant to Section 197 read with Rule 5 of Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014}

#### A. THE INFORMATION REQUIRED UNDER SECTION 197 OF THE ACT READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 ARE GIVEN BELOW:

1.	The ratio of the remuneration of Mr. V.D. Wadhwa, Executive Director & CEO to the median remuneration of the employees of the company for the financial year;		22.77	
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Director, Company Secretary or manager, if any, in the financial year	Mr. V.D. Wadhwa	13%	
		Mr. Suresh Kumar	10%	
3.	The percentage increase in the median remuneration of employees in the financial year;		11%	
4.	The number of permanent employees on the rolls of the Company;		596	
5.	The explanation on the relationship between average increase in remuneration and company performance;	The average increase is based on the objectives of Remuneration policy of the Company that is desired to attract, motivate and retain the employees who are the drivers of organisation success and helps the Company to retain its industry competitiveness. Pay mix is designed to reflect the performance and is aligned to the long term interests of the shareholders.		
6.	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	Mr. V.D. Wadhwa	13%	
		Mr. Suresh Kumar	10%	
		Company Performance :	Increase	
		Revenue YOY :	29%	
		EBITDA YOY :	92%	
7.	Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year	Particulars	Market Capitalisation (₹ in million)	Price Earning ratio
		March 31, 2016	28,152.52	-
		March 31, 2015	25,207.95	-
8.	Percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer	Not applicable as the Company has never came out with public offer		
9.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	The average increase in managerial personnel salary increase is 11 % which is equal to increase in remuneration of non-managerial personnel. This is based on Remuneration Policy of the Company that rewards personnel differently based on their contribution to the success of the Company and also ensures that external market competitiveness and internal relatives are taken care of.		

10. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company.	Mr. V. D. Wadhwa	13%
	Mr. Suresh Kumar	10%
	Company Performance	: Increase
	Revenue YOY	: 29%
	EBITDA YOY	: 92%
11. The key parameters for any variable component of remuneration availed by Director;	Revenue & EBITDA	
12. The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year.	None	
13. Affirmation that the remuneration is as per the remuneration policy of the company.	Remuneration is as per the Remuneration Policy of the Company	

**B. THE INFORMATION REQUIRED UNDER SECTION 197 OF THE ACT READ WITH RULES 5(2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 ARE GIVEN BELOW:**

Name of the Employee	Designation	Remuneration Received (₹ in million)	Nature of Employment, whether contractual or otherwise	Qualifications	Experience	Date of Commencement of employment	Age	the Last Employment held	the percentage of equity shares held by the employee in the company
Mr. V.D. Wadhwa	Executive Director & CEO	14.95	Permanent	CS, LLB & AMP from Harvard Business School	31 years	29-Apr-13	51 years	Timex Group India Limited	Nil

# MANAGEMENT DISCUSSION AND ANALYSIS

## ECONOMIC REVIEW

India is one of the most attractive economies of the world today. At a time when the global economy is grappling with turbulence and volatility, India demonstrates stability and improving macro-economic fundamentals. The Indian economy's domestic economic parameters like inflation plus fiscal and current account deficits continued to be moderate. The all India Consumer Price Indices (CPI) inflation averaged 4.9% in 2015-16 as compared to 5.9% in 2014-15. The Wholesale Price Index (WPI) inflation averaged -2.5% in 2015-16 as compared to 2% in 2014-15 (Source: Ministry of Finance, Department of Economic Affairs, Economic Division, Monthly Economic Report 2016). The Reserve Bank of India (RBI) reduced interest rates this year as inflation eased sharply. Current account deficit for 2015-16 stood at 1.1% of gross domestic product as against 1.8% in 2014-15, as the country's trade deficit contracted (Source: Reserve Bank of India). India met its fiscal deficit target of 3.9% of GDP in 2015-16, recording a significant improvement over that of 4.1% in 2014-15 (Source: Finance Ministry)

During 2015-16, the GDP grew by 7.6%. The economy benefited from sharp reduction in crude oil prices, of which India is a major importer, as well as from the resilient domestic consumption and relatively limited exposure to global financial turmoil. The Union Budget 2016 revealed the government's intentions and plans. Despite global uncertainties, the government is targeting to reduce the fiscal deficit to 3.5% in 2016-17, after resolutely maintaining its 3.9% target for 2015-16. The government is implementing key reforms to encourage domestic entrepreneurship, bolster infrastructure creation, strengthen rural income, attract FDI, and enhance the ease of doing business in India. Initiatives like Make in India, Digital India, Smart City Mission, Skill India Mission, and Pradhan Mantri Awas Yojana are some of the many measures which cumulatively augur well for the economy, going forward. To scale up investments in infrastructure, the Indian government during the Union Budget 2015-16 has allocated ₹ 2.21 trillion for the sector. This increase in public spending is likely to support economic growth and infrastructure creation.

**DURING 2015-16, THE GDP GREW BY 7.6%. THE ECONOMY BENEFITED FROM SHARP REDUCTION IN CRUDE OIL PRICES, OF WHICH INDIA IS A MAJOR IMPORTER, AS WELL AS FROM THE RESILIENT DOMESTIC CONSUMPTION AND RELATIVELY LIMITED EXPOSURE TO GLOBAL FINANCIAL TURMOIL.**

The Cabinet has cleared all recommendations made by the Seventh Pay Commission report that will result in about 23.55% overall increase in salaries, allowances and pension for more than 10 million government staff and pensioners. The move is expected to give a big boost to the economy as discretionary demand in urban areas is likely to rise owing to the rising income levels. Moreover, the government issued the One Rank One Pension (OROP) scheme for the Ex-Servicemen. The impending pay hikes for government employees is expected to spur a nascent recovery in consumer sentiment, leading to increased consumption that in turn could strengthen profitability of Indian companies.

The Goods and Services Tax (GST) Bill is expected to bring about a big change in the country's tax structure by subsuming all indirect taxes, including Central Excise Duty and State VAT/Sales Tax. It is expected to address the issue of dual taxation, which will remove cascading effect in the supply chain and result in benefiting the customers at large in terms of lower prices. Once implemented, GST is certainly expected to act as a catalyst and reinvigorate ease of doing business in India.

The World Bank forecast India's GDP to grow at 7.6% in 2016-17 and accelerate to 7.7% in 2017-18 and 7.8% in 2018-19. The Indian economy crossed the USD 2 trillion mark to hit its highest-ever value in June 2016 (Source: The Central Statistics Office, Ministry of Statistics and Programme Implementation). A stable government, RBI's inflation focus and benign global commodity prices are expected to be the key contributing factors. Additionally, new initiatives, such as 'Make in India', 'Digital India', along with a host of financial inclusion measures are expected to help accelerate economic development.

### The Indian Media and Entertainment Industry: Size

	2010	2011	2012	2013	2014	2015	(₹ billion) Growth in 2015 over 2014
Overall industry size (For calendar years)							
TV	297.0	329.0	370.1	417.2	474.9	542.2	14.20%
Print	192.9	208.8	224.1	243.1	263.4	283.4	7.60%
Films	83.3	92.9	112.4	125.3	126.4	138.2	9.30%
Radio	10.0	11.5	12.7	14.6	17.2	19.8	15.30%
Music	8.6	9.0	10.6	9.6	9.8	10.8	10.20%
OOH	16.5	17.8	18.2	19.3	22.0	24.4	10.90%
Animation and VFX	23.7	31.0	35.3	39.7	44.9	51.1	13.80%
Gaming	10.0	13.0	15.3	19.2	23.5	26.5	12.80%
Digital Advertising	10.0	15.4	21.7	30.1	43.5	60.1	38.20%
<b>Total</b>	<b>652</b>	<b>728</b>	<b>821</b>	<b>918</b>	<b>1,026</b>	<b>1,157</b>	<b>12.80%</b>

Source: KPMG-FICCI Indian Media and Entertainment Industry Report 2016

### TV Industry

The television industry in India stood at ₹ 542 billion in 2015. The industry is expected to grow at a CAGR of 15% to reach ₹ 1,098 billion in 2020. The number of TV households in India increased to 175 million in 2015, implying a TV penetration of 62%. With 175 million TV households, India is the world's second largest television market after China.

## INDUSTRY REVIEW

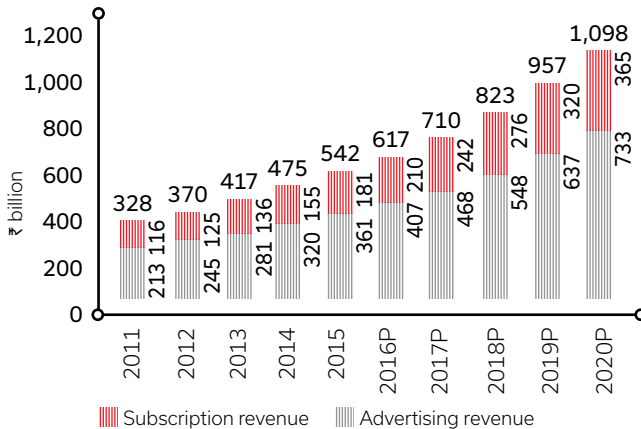
### Media & Entertainment Industry

The Media and Entertainment (M&E) industry reported a resilient performance growing by 12.8% from ₹ 1,026 billion in 2014 to ₹ 1,157 billion in 2015. The Indian M&E industry is growing consistently, driven by improving subscription as well as advertising revenues.

The growth of the industry has been largely supported by increasing digitisation and higher internet usage over the last decade. The Indian M&E industry is expected to grow at a Compound Annual Growth Rate (CAGR) of 14.3% to ₹ 2260 billion by 2020.

The basic fundamentals of the M&E industry have not changed with continuing robust domestic demand, digitisation and sustained advertiser interest. The industry is on the cusp of a technological evolution, which could alter consumption patterns in the long run.

## TV Industry size



Source : KPMG in India's analysis 2016 based on data collected from industry discussions.

Note: Figures are rounded to nearest integers and may not add up exactly to column totals.

Television again performed very well in the year under review, registering a 14.2% growth. Subscription revenue grew at 12.8%, due to delays in Phase 3 digitisation and in improving on ground monetisation of Phase 1 and 2 (Source: KPMG-FICCI Indian Media and Entertainment Industry Report 2016). However, despite execution delays, in the longer term, digitisation is expected to benefit Multiple-System Operators (MSOs) with higher subscription revenues. MSOs are looking at achieving full addressability and increase monetisation of investments. In 2015, during the first half, MSOs continued to focus on improving operating models in Phase 1 and 2 cities, while focusing in the latter half of the year to rolling out Set-Top Boxes (STBs) in Phase 3 areas (Source: ICRA Research Services' report 'Indian media and entertainment industry: TV distribution').

Industry players are expected to witness increased penetration of Value Added Services such as HD channels and Video on Demand (VoD) in a digitised markets (Source: ICRA Research Services' report 'Indian media and entertainment industry: TV distribution'). Over-the-top (OTT) platforms and growing content consumption on digital platforms continues to be a big theme that is likely to drive dynamics over the next decade.

Additionally, content costs for MSOs are expected to increase as broadcasters migrate from legacy of block deals, but would follow a more moderate growth in the long run. The effective rollout of channel packages across markets as well as subscription revenue collection based on such packages is imperative to support operating margins of distributors. Moreover, the ability of cable operators to introduce innovative channel packages in Phase 3 and 4 markets with a greater focus on regional content at competitive rates will remain crucial for supporting margins and fuelling growth. (Source: ICRA Research Services' report 'Indian media and entertainment industry: TV distribution')

## New Rating System by Broadcast Audience Research Council (BARC)

The year saw the industry's adoption of a brand new ratings system by BARC, which was a landmark event. BARC's ratings system is based on a unique next generation watermarking technology adopted in France in 2007 and the US in 2013. BARC currently has a reach of approximately 153.5 million TV households with 77.5 million urban and 76 million rural, spanning megacities, 1 - 7.5 million towns, less than 1 million urban areas and rural areas.

The inclusion of rural markets and increase in the sample size led to a reshuffle in the rankings of channels. Approximately 30% of all samples comprise of rural markets. The ratings have shifted to Phase 3 and 4 providing an impetus to the broadcasters to move towards these areas. The new system aids distributors with a focus on these areas in getting a fixed fee that further boosts the digitisation process.

The system is more representative of the ground reality as the number of towns is now much higher. The rating provides more credible data as it maintains a minimum sample size cut-off of 200 for reporting, thus leading to lower errors at a higher confidence level.

The new system is expected to bring in transparency into the whole system in terms of the number of subscribers and revenue flow occurring among different stakeholders. This will also lead to tax efficiency and would be a win-win situation for the State and Central Government as well.

### Cable and Satellite

The number of Cable & Satellite (C&S) subscribers is estimated to have reached 160 million in 2015. TV households are expected to increase to 200 million by 2020, with paid C&S subscriber base expected to grow to 174 million by 2020, representing 87% of TV households.

### Digitisation

Since November 2011, when the Government of India took the decision of bringing in digitisation of cable TV networks, Phase 1 & 2 was completed by March, 2013. While Phase 1 brought the three metro cities within the fold of digitisation, Phase 2 saw digitisation in 38 cities across India. (Source: [inbministry.blogspot.in/2015/06/1st-workshop-of-state-level-nodal.html](http://inbministry.blogspot.in/2015/06/1st-workshop-of-state-level-nodal.html))

The MSOs were able to retain a higher market share (relative to Direct-to-Home operators) of nearly 75% of the 28 million STBs seeded in Phase 1 and Phase 2 markets. MSOs were able to tap on to the inherent advantage of digital transmission and improve their service levels with increased channel offering and better picture quality. MSO's were able to leverage on their customer connect, as subscribers who were satisfied with the service of Local Cable Operators (LCOs) did not have a strong incentive to switch to Direct-to-Home (DTH). Moreover, providing better services at the existing cable charges also helped them retain a major portion of their analog subscriber base. Structural advantages in the densely populated

areas led to low marginal cost per subscriber for MSO's (Source: ICRA Research Services' report 'Indian media and entertainment industry: TV distribution').

Digitisation of cable continued with its implementation challenges but it was encouraging that considerable progress was made, with Phase 3 substantially complete. The Phase 3 digitisation process resulted in 76% of boxes seeded by December 2015, and excluding Tamil Nadu the proportion was even higher at 86.25%. This was a reasonable achievement considering the fact that digitisation generally leads to a decrease in under declaration and improves transparency. While the government did not officially extend the timeline, the process was slowed down due to multiple court cases seeking extension of the process. At the end of April 2016, deployment of STBs in digital addressable system (DAS) Phase 3 areas reached 40.5 million against the target of 33.8 million.

During 2015, MSOs entered into long-term fixed fee Pan India deals for content, primarily from a perspective of ensuring content availability and rapid deployment of STBs for Phase 3 and 4. The key expectation from digitisation is to bring in the crystalised level of transparency in the market, leading to an optimised revenue generation/distribution to all stakeholders in the value chain as well as offer improved service levels to customers.

### Status of Digitisation as of December 2015

Phase	Regulatory date for shutdown	No. of C&S subs* (million)	Non-digitised subs (million)	Digitisation including DTH*
Phase 1	June 2012	13	1.2	100% excl. Chennai
Phase 2	March 2013	25	1.2	>95%
Phase 3	December 2015	41	10	~75%
Phase 4	December 2016	81	52	~35%
<b>Total</b>		<b>160</b>	<b>65</b>	<b>~60%</b>

Source : KPMG in India's analysis 2016 based on data collected from industry discussions.

\*including DD FreeDish

Note: Figures are rounded to nearest integers and may not add up exactly to column totals

### ARPU (Average Revenue Per User)

As the industry progresses into the last two phases of digitisation, an uptick in activation revenues is expected which will be replaced by recurring Subscription Income. This, coupled with the scale-up in the broadband business segment augurs well for the growth of revenue.

## Digital Cable ARPU

ARPU	2015P	2016P	2017P	2018P	2019P	2020P	(₹ per month) 5-year CAGR
Digital cable	214	219	230	261	298	343	10%

Source: KPMG-FICCI Indian Media and Entertainment Industry Report 2016

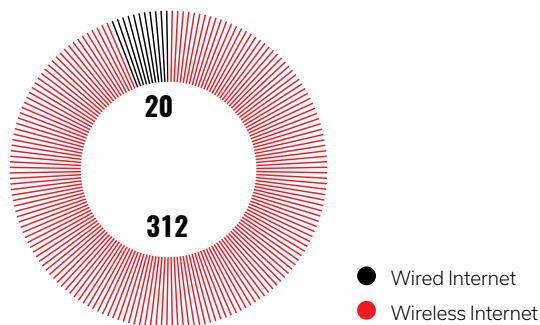
Subscription revenues for the TV industry recorded a growth rate of ~13% in 2015 to reach ₹ 361 billion (Source: KPMG-FICCI Indian Media and Entertainment Industry Report 2016). Extension of deadline for Phase 3 and Phase 4 markets provides more time for resolving ground issues and increase coverage.

Implementation of channel packages, improved monetisation levels, value added services and focus on cost rationalisation remains crucial for driving profitability.

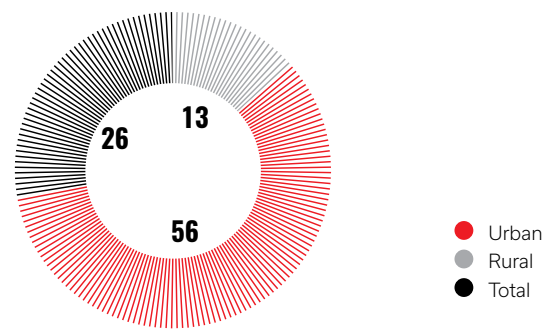
## BROADBAND

India had a wireline broadband subscriber base of 19.98 million and 311.69 million wireless broadband subscribers as on December 31, 2015 or 331.66 million broadband subscribers in total. There were only 26.19 internet subscribers per 100 population of the country as on December 31, 2015, indicative of the huge potential. Urban internet subscribers per 100 populations stood at 55.71, whereas the rural internet subscribers per 100 populations was at 12.86. (Source: TRAI)

## Internet/Broadband Subscribers (million)



## Internet Subscribers per 100 population



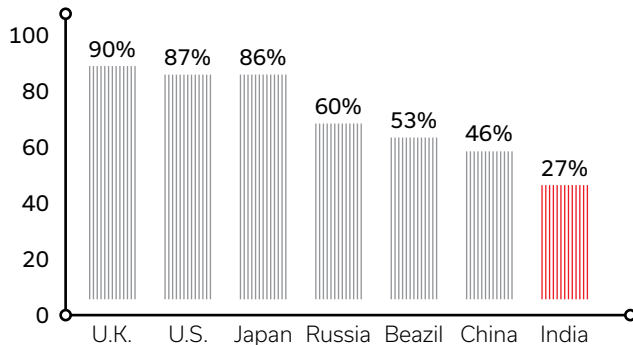
India's internet penetration stood at 27%. Currently, India lags behind several emerging economies in broadband penetration, particularly at higher speeds. The percentage of broadband subscribers with over 4 Mbps were 23% of the total connected population in the first quarter of 2016, a year-on-year increase of 139%. The percentage of broadband subscribers with over 10 Mbps of speed were 4.8% of the total connected population in the first quarter of 2016, registering a year-on-year increase of 184%. (Source: AKAMAI's State of the Internet Q1 2016 report and KPMG-FICCI Indian Media and Entertainment Industry Report 2016).

India along with Philippines had the lowest average connection speed among the 15 Asia Pacific countries/regions surveyed by AKAMAI in Q1 2016. At 3.5 Mbps, the average connection speed registered a year-on-year increase of 55%. India also lagged behind with lowest average peak connection speed of 25.5 Mbps in the same survey. Though the average peak connection speed



registered a year-on-year growth of 48% India still remains at the bottom among the other countries surveyed in Asia Pacific.

### Internet penetration



Source: KPMG-FICCI Indian Media and Entertainment Industry Report 2016  
Note: As of June 2015

However, a combination of government and private initiatives is expected to resolve this constraint in the medium term and enable digital access and consumption to truly permeate in India.

Indian cable TV MSOs are at the cusp of unleashing a high speed broadband internet revolution and leverage on their existing on-ground infrastructure and business relationships. Most leading MSOs have committed substantial investments towards rollout of broadband services. This provides a great opportunity for MSOs to increase revenue per consumer and improve profitability by making only incremental investments in their existing infrastructure.

## CABLE INDUSTRY – UNIQUELY POSITIONED TO ENABLE GROWTH IN HIGH SPEED INTERNET

Globally, cable has played an integral role in broadband penetration. The Hybrid Fiber-Coaxial cable infrastructure used by the cable industry is capable of delivering high speed broadband services. The cable industry has the following unique advantages to provide High Speed Internet to the home;

- **Access to ~100 million homes** – Cable TV MSOs in India have fixed line coaxial connectivity to 100 million homes which can be upgraded to carry internet in a short timeframe. More importantly, the infrastructure laid by the cable industry provides a cable home-pass of an estimated 120 million+ homes, capable of delivering broadband to about 500 million users
- **Presence in 500+ cities** – MSOs are present in 500+ cities, including several small towns and villages
- **Local Partner Support** – MSOs have more than 50,000 partner LCOs who will provide a skilled workforce of 0.2 million familiar with local access networks
- **Technology Convergence through Digitisation** – With digitisation complete in Phase 1 and Phase 2 towns, MSOs can carry high speed broadband internet using the same access cable that goes to customer home with the enablement of return path over this infrastructure.

The above advantages make MSOs favourably placed to provide affordable high speed broadband internet at scale across markets.

## POLICY INITIATIVES

### 'Digital India' Initiative

The initiative's goal is to have broadband in 2.5 lakh villages, 4 lakh public internet access points and Wi-Fi in 2.5 lakh schools and public Wi-Fi for citizens by 2019. The estimated cost for the 'Digital India' initiative is at ₹ 1,130 billion and is going to attract potential investments of ₹ 4,500 billion. The government has also budgeted ₹ 5 billion for the National Rural Internet & Technology Mission, ₹ 70 billion has been set aside for Smart Cities that is expected to create the infrastructure to provide content to the end user.

### Telecom Disputes Settlement & Appellate Tribunal's (TDSAT) judgment on RIO rates and TRAI's consultation process on pricing models

The TDSAT, had on December 7, 2015 ordered that the Reference Interconnect Offer (RIO) was to be the starting point for tariff negotiations between broadcasters and distribution platforms, starting April 1, 2016. TDSAT had also ruled the following:

- RIO must reflect the rates of channels and bouquets along with any bulk discount schemes
- The a-la-carte rate and bouquet rates must be in accordance with the ratio mandated by TRAI
- There could be a separate fee paid for the distribution network to carry specific channels and compensate MSOs for the cost of the infrastructure
- Broadcasters may have to issue fresh content agreements in compliance with the interconnection regulations. The move is aimed at removing any kind of discriminatory pricing and simplify content availability

Meanwhile, TRAI has started a comprehensive consultation process on the tariff issues related to the TV industry, in which it has proposed different models for the pricing of TV channels and sought comments from different stakeholders in the industry. The objective of the

consultation paper is to simplify and rationalise the tariff structure and reduce the incidence of disputes amongst stakeholders across the value chain.

### Increase in FDI limit in TV distribution and news channels

The year 2015 ended on a positive note with respect to foreign investment norms, with the government increasing the FDI limits in TV broadcasting and distribution. Further, the government radically liberalised the FDI regime this year. Increase in sectoral cap and bringing the sector under automatic route will further make the sector more attractive for foreign investors.

Sector/Activity	New Cap and Route
Cable Network (MSOs operating at National or State or District level and undertaking upgradation of networks towards digitalisation and addressability):	100% Automatic
Cable Networks (Other MSOs not undertaking upgradation of networks towards digitalisation and addressability and LCOs)	Automatic
Infusion of fresh foreign investment, beyond 49% in a company not seeking license/permission from sectoral Ministry, resulting in change in the ownership pattern or transfer of stake by existing investor to new foreign investor, will require FIPB approval	

(Source: www.pmindia.gov.in)

## INDUSTRY OUTLOOK

### Cable

India Cable TV market has grown considerably over the last few years. There are a number of systemic matters that need to be addressed, which could have a significant positive impact on the long-term growth potential of the industry.

The industry currently is expected to grow at a CAGR of 15% to reach ₹ 1,098 billion in 2020.

### Broadband

Over the next five years, India is expected to have 1.9 billion networked devices up from 1.3 billion in 2015, faster broadband speeds (average fixed broadband speed to increase 2.5 fold from 2015 to 2020 - from 5.1

Mbps to 12.9 Mbps) and the increased consumption of video. Collectively, these variables are expected to help Internet traffic in India to grow at a CAGR of 34%. Total Internet video traffic (business and consumer, combined) will be 75% of all internet traffic in 2020, up from 51% in 2015. With this, it has become increasingly clear that the cable industry's future extends way beyond the set-top box. (Source: 11th Annual Cisco Visual Networking Index forecast)

## COMPANY OVERVIEW

SITI Networks Limited is a part of the Essel Group, which is one of India's leading business houses with a diverse portfolio of assets in Media, Packaging, Entertainment, Technology-Enabled Services, Infrastructure Development, and Education.

Being one of India's largest MSO with 36 analog and 18 digital head ends and a network of more than 30,000 Kms of optical fibre and coaxial cable, we provide cable services to India's ~350+ cities and adjoining areas, reaching out to over 12.2 million viewers.

We deploy state-of-the-art technology for delivering multiple TV signals to enhance consumer viewing experience. Our product range includes Digital & Analogue Cable Television, Broadband and Local Television Channels. SITI Networks has been providing services in analogue and digital mode, armed with technical capability to provide features like Video on Demand and Electronic Programming Guide (EPG). All products are marketed under SITI brand name.

### Operational Review

2015-16 was a year in which we persistently executed our strategy despite various bottlenecks that occurred during the digitisation process. We had chosen our markets carefully and prudently based on profitability, breakeven time frame and other parameters. We ended up 2015-16 with a total digital subscriber base of 8.3 million (versus 5.38 million in 2014-15) and a HD subscriber base of 65,140. We currently have the largest presence in the country across ~350+ cities with 12.2 million viewers.

Certain acquisitions made during the year in geographies such as Mumbai, Assam, Gujarat and others allowed us access to select high growth markets. We expect to integrate and harness the synergies of these acquisitions in the near future.

We managed to ensure that we were able to expand strategically and improve customer service levels in broadband. There was a shift from DOCSIS to a more Hybrid structure involving GPON, which will allow us to lower our operating expenditure on this front and service the customer better. Our plans were also tweaked to better suit customer demands and we feel we are much more conversant and confident of expanding our base than we were at the start of the year. We added a modest ~62,431 broadband subscribers and the total base now stands at 1.67 lakh and home passes were at 11.9 lakh as of June 30, 2016.

### Extending Reach

We focussed on increasing our digital subscriber base by expanding in Phase 3 and contiguous territories via organic as well as inorganic growth. We expanded in the states of Andhra Pradesh, Telangana, West Bengal and Haryana primarily. We plan to have a digital subscriber base of ~13-14 million with inclusion of Phase 3 and 4 at completion of digitisation. The focus will also be on increasing our HD penetration levels and we have adequate inventories to achieve our objective.

We are following the strategy of playing a leading role in select states. For instance, Andhra Pradesh, Telangana, Haryana, West Bengal are strategic states for us, where we are looking towards being the engines of our growth. In broadband, we consolidated our presence in West Bengal and Delhi.

We are looking to roll out broadband in the states of Haryana, Madhya Pradesh, and Rajasthan in the current year.

### A Prudent Operational Model

Our content deals were negotiated on a Pan India fixed fee basis with major broadcasting bouquets. This enabled

us to expand rapidly, offer customers an exciting range of options, up-sell and migrate the customers to HD.

We were very proactive in getting the digital infrastructure and bandwidth in place which incentivises us to undertake rapid digitisation and reduce our per unit cost. We had an inventory of 2.7 million set-top boxes as of March 31, 2016, which has already been paid for and enables us to deploy them quickly. We are targeting to convert our entire analog base into digital by March 2017, barring any regulatory or macro bottlenecks.

In broadband, we worked towards extending our Home Passes, solving teething issues in Delhi broadband rollout and are now focussing on acquiring customers aggressively in our existing geographies. We are leveraging our cable infrastructure and relationships for growing our broadband business.

We have been conservative with our spends and are managing costs tightly to ensure a faster breakeven time frame.

### Customer Focus

We took several initiatives to improve customer service, provide more value, and become a more responsive organisation:

- We are now offering 57+ HD Channels with 8 additional channels in the pipeline in the near future
- Provided MPEG-4 compatible STBs for better picture quality
- Streamlined STB repairs for our Business Associates
- Launched Ditto OTT services in collaboration with Zee Entertainment Enterprises Ltd (ZEEL) and bundled the same with our broadband offering. This is in line with our philosophy to provide content in a non-linear on demand manner. We are exploring opportunities

to provide other OTT platforms through our broadband pipe

- Reskilled operations teams to improve customer service and reduce response time
- Utilised social media (Facebook, Twitter and others) as an effective tool to resolve customer issues
- Created a dedicated call centre for broadband
- Tweaked our existing plans to offer more value and flexibility to the customer

### ARPU & Monetisation

Consumer ARPUs during the year were steady with monetisation showing sluggish growth due to competitive intensity. Our performance in cable could have been better and was curtailed due to various macro factors as Phase 3 monetisation got delayed due to multiple petitions. We expect the matter to be resolved in a limited time frame and a considerable uptick in Phase 3 monetisation post that. In broadband, we tweaked ARPUs in DOCSIS to be more relevant to the customer whereas in EOC, we managed to grow ARPUs by 5-6%. We expect ARPUs to remain steady with a slight positive bias going forward.

### Content Cost

Content costs increased 24% year-on-year to reach ₹ 3,590 million. A majority of the increase was on account of expansion in new markets in Phase 3 & 4 areas. We maintain a healthy and symbiotic relation with broadcasters, which enables us to negotiate deals in a time bound manner and get the best of content for our consumers. Carriage Revenue at ₹ 2,570 million grew 3% year-on-year on account of content deals being signed on a net basis. We expect to see a further uptick in carriage in 2016-17, primarily driven by our Phase 3 digital subscriber base as well as sustained efforts by the operating team to monetise our network reach in a better manner.

## High level of Professionalism, Integrity and Work Ethics

### Professional Management Team

SITI Networks is led by a strong team of seasoned professionals with a focus on efficient execution. During the year, we expanded our leadership quotient by inducting leading talent at middle management levels from consumer-oriented industries as well as ensuring a geography specific focus for both cable and broadband to utilise bandwidth and synchronise efforts. In addition, a Performance Linked Culture ensures a more dynamic work force capable of executing in a more sustained manner.

### Compliance, Integrity and Work Ethics

We strive to maintain the highest standards of professionalism, integrity and compliance across our operations and are focussed on doing business in an ethically correct manner. We adhere proactively to compliances through a system and process driven approach and have transparent commercial policies across all our locations. We are actively working with our Business Associates to ensure signing of the new Mutually Agreed Interconnect Agreement/Standard Interconnect Agreement although we already had agreements in place with most MSOs. The business model is changing along with the change in the regulations and we are cognisant of the need to constantly adapt to be in compliance at the same time ensuring that customers do not get impacted.

### Fund Infusion & Other Developments

- Encouraged by the improvement in operating performance and profitable turnaround of the Company, the promoters infused fresh funding of ₹ 5,300 million. This was the first tranche of the previously announced ₹ 6,800 million funding. The funding was utilised primarily for debt reduction
- ICRA upgraded the long-term rating of SITI Networks to A- from BBB+. Further ICRA has a rating of AA (SO) on the term loan facility of SITI Networks. The outlook on the ratings is 'stable'

- SITI Networks Limited was chosen to be a constituent of the Morgan Stanley Capital International (MSCI) India Domestic Small Cap Index, effective May 31, 2016

### Financial Review

Our strategy of prudent expansion, persistent execution, and tighter control on cost lines yielded results and was largely responsible for the Company's profitable turn-around in 2015-16. We posted a Profit After Tax of ₹ 90 million and a Profit before Tax of ₹ 220 million. EBITDA at ₹ 3,230 million, was up by 92% year-on-year. Core EBITDA, excluding other income and activation came in at ₹ 850 million, up 14% year-on-year.

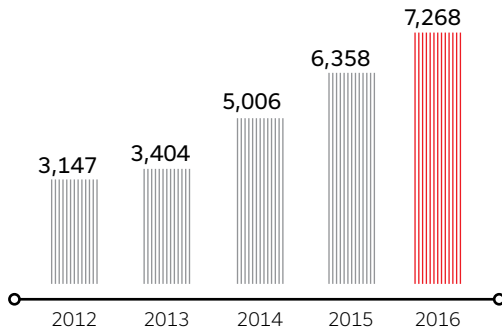
Revenue at ₹ 12,130 million was up by 30% year-on-year. Subscription income was at ₹ 5,610 million, up 6% year-on-year. Carriage income was at ₹ 2,570 million, up 3% year-on-year. Broadband income was at ₹ 490 million, up 83% year-on-year and we had the highest ever customer acquisitions in a particular year at 2.7 million.

A detailed analysis of the key financial metrics follows:

Total Revenue		(₹ in million)	
Particulars	2015-16	2014-15	
Subscription	5,612	5,313	
Carriage	2,568	2,490	
Activation	2,135	624	
Broadband	486	265	
<b>Total Revenue</b>	<b>12,130</b>	<b>9,369</b>	

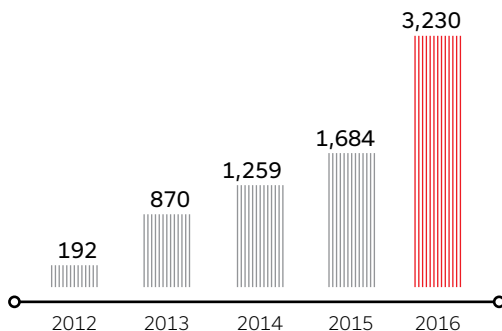
Net Operating revenue, excluding activation was at ₹ 9,995 million, up 14% year-on-year. The steady growth was driven primarily by subscription, broadband, and other operating revenues. Broadband revenues grew strongly and now accounts for 5% of the Net Operating Revenue, in line with our endeavour to diversify our revenue streams.

### Total Expenditure (Excluding Depreciation) (₹ in million)



The primary drivers for increase in Expenditure were increase in content cost due to expansion in several Phase 3 cities. At the start of the fiscal, we had a target of expanding our reach from 130 to 200 cities, but we managed to exceed that and have branched out to ~350+ cities during the year. Entering into fixed fee Pan India deals with major broadcasters has helped us to contain our content cost and gives us input cost visibility for the year. Distribution charges showed a degrowth of 5% year-on-year on the back of rationalisation of operational expenses. Personnel Cost was up 22% year-on-year at ₹ 631 million due to infusion of additional manpower for broadband, geographical expansion and inclusion of fresh talent at the middle management level.

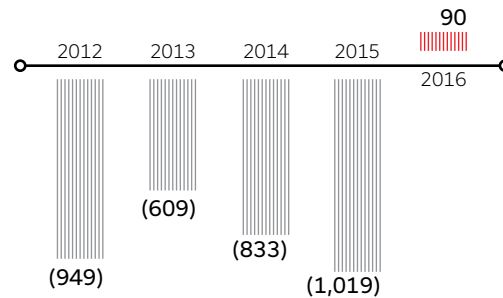
### EBITDA (₹ in million)



Total EBITDA was up 92% year-on-year driven primarily by activation income of ₹ 2,135 million. Operating EBITDA, excluding activation was at ₹ 1,095 million. This was due

to the Phase 3 costs latching on to the existing revenue stream and delays in Phase 3 monetisation due to certain legal bottlenecks. We expect to improve EBITDA margins this year with the monetisation of Phase 3 as well as focus on improving cash flows from Phase 1 & 2.

### Profit after Tax (₹ in million)



The prudent expansion strategy followed led to the profitable turnaround of the Company, the first time in its history as we reported Profit after Tax at ₹ 90 million. In spite of more than doubling our presence and laying the groundwork for expansion in select states, we managed to tightly control total expenses growth at 16%. Although activation was one the main drivers of revenue in 2015-16, we expect this to be replaced by recurring subscription revenue from Phase 3 areas. In addition, we expect an uptick in broadband revenues to drive profitability.

### Finance cost

Finance cost at ₹ 1,378 million increased on account of increased debt levels during the year. The infusion of ₹ 5,300 million by the promoter entities allowed us to par down the Net Debt levels from ₹ 9,130 million in 2014-15 to ₹ 7,428 million in 2015-16. Debt levels could increase marginally during the year on account of capital expenditure spends on broadband expansion.

Share Capital; Reserves and Surplus		(₹ in million)	
Particulars	2015-16	2014-15	
Share Capital	794.8	678.2	
Reserves and Surplus	5,119.5	1,151.1	
Money received against share warrants	500	-	
<b>Shareholders' funds</b>	<b>6,414.3</b>	<b>1,829.4</b>	

During the year, we received ₹ 5,300 million in Promoter funding. We received ₹ 3,500 million in warrant funding and ₹ 1,800 million in the form of Optionally Fixed Convertible Debentures (OFCDs). About ₹ 4,080 million worth of warrants and OFCDs were converted into shares, thus increasing the share capital and reserves and surplus accounts. This led to an increase in the Promoter stake from 66% to 71% during the year. We expect further infusion of the remaining ₹ 1,500 million this year.

#### Fixed Assets

Fixed assets at ₹ 18,458 million increased by 70% year-on-year on account of cable and broadband Capex and expansion to new locations. Delays in on ground

implementation of digitisation on account of macro factors led to increased inventory levels and capital work in progress. We expect to utilise this inventory assiduously this year.

#### Current Assets

Current assets at ₹ 10,179 million showed a mild de-growth of 2% in 2015-16 due to reduced cash and bank balances.

#### Current Liabilities

Current Liabilities at ₹ 12,533 million were up due to increase in trade payables, payables for fixed assets and statutory liabilities payable.

### Risk Management and Mitigation

At SITI Networks, we have a comprehensive risk management structure with established systems and reporting framework. Our objective is to identify, evaluate and counter potential risks through an institutionalised approach.

Nature of risk	Risk explanation	Risk mitigation
Preference risk	Consumer preferences are evolving rapidly. This trend is more accentuated in the M&E industry. The result is what is contemporary today, may no longer be relevant tomorrow.	<p>We have consistently enriched our offerings in line with changing preferences.</p> <p>We are focusing on innovation to provide our consumers variety in infotainment. We currently have three cable subscription packs with a variety of add on packs offering regional, sports, English movies and others, to ensure a bespoke experience for the discerning consumer. The renewed focus on HD &amp; OTT will enable us to provide Customers with a better experience.</p> <p>Besides, our broadband capabilities are bringing top-notch speed and attractive data plans for our consumers.</p>
Migration risk	Inability to convert existing analogue subscribers to digital cable services, as well as attract new consumers as per the timeline set by the Ministry of Information & Broadcasting (MIB) can adversely impact our business growth and sustainability.	<p>We are focusing on particular states and cities across India that fall in Phase 1, Phase 2 and Phase 3 of the MIB plan. Besides, we are collaborating with LCOs to conduct brand building and consumer awareness initiatives.</p> <p>We undertake an active interaction with the MIB and TRAI to ensure we can properly represent the interests of the Industry and work in a concomitant manner with the Regulator to ensure quick and effective digitisation.</p>

Nature of risk	Risk explanation	Risk mitigation
Awareness risk	LCOs function as primary facilitators of our business expansion. Therefore, lack of training and motivation of LCOs may impact business growth.	<p>We have provided subscriber management software to our LCOs to help them manage their customers better.</p> <p>We also impart real-time training to our LCOs. They also get a share in our carriage fees. Besides, we regularly collaborate with LCOs for our branding initiatives.</p> <p>We have been undertaking a dedicated outreach for our broadband services separately to ensure brand recall and educate the customers about the kind of services we are capable of offering.</p>
Content risk	We depend on third-party broadcasters for content. If we fail to provide content from popular broadcasters, our credibility and brand recall may be significantly impacted.	<p>We are part of the Essel Group, which is one of India's leading business houses with a diverse portfolio of assets in media, packaging, entertainment, technology-enabled services, infrastructure development and education.</p> <p>Our Group's reputation and recall in the M&amp;E landscape has helped us to negotiate effectively with various broadcasters and other partners. We have negotiated fixed fee Pan India deals with the major Broadcasters which gives us content cost visibility and ensures we can provide a diverse range of options to the End Consumer.</p>
Talent & technology risk	Inability to attract the right talent and adopt the relevant technologies can jeopardise business growth.	<p>We have strengthened our leadership team to drive our cable and broadband businesses. We have strengthened our sales team and brought on board experienced managers from multiple consumer-facing industries.</p> <p>We ensure a Performance Linked Culture prevails which empowers the individual to take decisions and take responsibility</p> <p>The shift to MPEG-4 STBs in cable and provision of providing broadband through DOCSIS 2&amp;3/GPON hybrid network is testament to the fact that we are sensitive to the rapidly changing technology trends and are cognisant to take counter measures.</p>
Regulatory risk	The Phase 3 and 4 digitisation is being delayed due to multiple court cases seeking extension of the process. This might have an impact on monetisation.	<p>We are actively interacting with the Government, MIB and TRAI to resolve these matters.</p> <p>We are being party to all petitions as well, to make sure the digitisation process is not hampered and monetisation is not affected in the long-term.</p>
Product risk	The traditional cable customer preferences are changing and they are moving towards getting content in a non-linear manner. Inability to meet the customer's demand might lead to loss in business.	<p>We are well placed to serve the arising needs of the customers. We are leveraging on our customer relationship and are offering OTT &amp; broadband services to existing customers. We have committed substantial investments towards rollout of broadband services.</p>



## HUMAN RESOURCE DEVELOPMENT

### 'Samwad'

SITI Networks is guided by the philosophy of Samwad, which means conversation, interlocution, news, information, message, and dialogue. It provides us with an organisational platform to arrive at a shared vision towards managing ourselves. We have imbibed Samwad in all our practices; it guides us on how to develop and take care of our asset including material, human and intellect. The principles of Samwad define the way we think, react, and decide in order to achieve excellence across organisation.

### Hire for Attitude & Develop for Skills

At SITI Networks, we rely heavily on our human capital. Recruiting and selecting the right people with right attitude is of paramount importance to the continued success of the Company. We select the right people, who fit into our culture and bring on board the right skill and attitude to be successful. Our HR Talent Acquisition function is a strategic business partner within the organisation catering to business requirements. The sourcing function ensures cost effective resource fulfillment to ensure smooth business operations.

We believe in growing our employees by offering existing employees the chance to apply for higher/cross functional positions by advertising vacancies through the Internal Job Posting and encouraging similar culture fit through referral policy. Cross-pollination is ensured through engaging professionals from different verticals and industries.

SITI Networks embraces the idea that younger leaders are champions of change and innovation. Every year we aim at creating Young Leaders through inclusion of fresh and young talent from some of the top ranking Business Schools and Engineering colleges.

### Voyage

We create formal and structured programmes for inducting talent that is brought into the system from across industries. Induction programmes are customised to last from two days to two months to suit the needs of new hires and to ensure smooth and faster assimilation. These programmes cultivate a set of shared values and beliefs about putting the employee first and reaping results in the form of a defensible competitive advantage, decreased costs, and increased profits.

Creatively growing people and processes leads to an exponential growth of individuals as well as our business and it is therefore imperative for us. Our buddy program helps the new hires adapt to the prevailing attitudes, standards, values, and patterns of behaviour that are expected by the organisation, and therefore perform effectively.

### Life at SITI

At SITI Networks, celebrating life is as important as working towards the success of business. We are guided by our intrinsic values of being Sensitive, Inclusive, Trustworthy and Innovative.

Focus is on providing conducive and engaging work culture where employee feels valued and knows his rights and responsibilities. Life at SITI allows free flow of lateral & vertical communication. Employees have direct access to the top management.

Every year we partner with best in class Health Services Providers to drive initiatives that promote healthy living for employees and their family members. To bolster the population of women employees at SITI, we have adopted actions and policies that demonstrate respect for Women. SITI celebrates International Woman's day in a special way to recognise the contribution made by women employees.

Occasions like employees' birthdays, work anniversaries and festivals are all celebrated with passion & vigor. Cultural and sports events are organised by committees made of, by and for the employees. This helps employees imbibe the organisation's true spirit and perform on all fronts.

### **Employee Development initiatives**

We offer unrivalled opportunities to our employees to help them take their learning to the next level. Initiatives like Mentor-Mentee program; open discussion forums like - Pulse of SITI, Konnect Meets, skill enhancement trainings, group mobility programs, etc. help employees realise their importance and upgrade their skills to contribute to the success of the business.

At SITI we believe praise and recognition are essential to an outstanding workplace. Our Rewards & Recognition programs focus on timely, informal or formal acknowledgement of a person's or team's behaviour, effort or business results that supports the organisation's goals and values, or have clearly been beyond normal expectations.

### **HR Automation**

HR processes at SITI are fully automated that result in a tangible boost to our organisation's productivity. This shift to an automated system has been aimed at maximising our people performance by offering them a host of following features and services on a single platform:

- Provides employee self-service, a window to feature employee benefits, entitlements, performance parameters and assessment results
- A single platform enabling faster and effective communication thus eliminating the need for multiple employee facing systems

### **Robust Performance Management System**

SITI follows a systematic process to review and recognise employee performance. The company follows the balanced score card approach to quantify individual goals with focus on improving financials, customers focus, processes optimisation and employees' learning and developments. Performance reviews are conducted on bi-annual basis that facilitate aligning business activities to the vision and strategy of the organisation, improve internal and external communications, and monitor organisational performance against strategic goals.

### **OUTLOOK**

We are well on the path of gaining Industry leadership through both organic and inorganic growth. Having expanded significantly in DAS Phase 3, the biggest challenge in 2016-17 will be monetisation but with persistent execution and focussed approach, we are well positioned to grow our subscription and broadband revenue streams. We look forward to digitising our existing analog subscription base by March 31, 2017, provided there are no further regulatory bottlenecks. There is greater awareness in terms of giving more entertainment options, HD services, OTT, local content, plus the Company has taken a lot of initiative to enhance the after sales service for our customers and Business associates. We also look forward to offer further Value Added Services to the customers and move them along the value chain.

The Company is well positioned to scale up broadband operations aggressively in new geographies in 2016-17. We aim to increase our subscriber base substantially and roll out in the states of West Bengal, Haryana, MP, Rajasthan and others on Hybrid (DOCSIS & GPON) technology. This will be backed with an efficient after sales service operating team and a customer friendly outreach campaign.

**CAUTIONARY STATEMENT**

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot

guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.

# BUSINESS RESPONSIBILITY REPORT

## SECTION A – GENERAL INFORMATION ABOUT THE COMPANY

- 1. Corporate Identity Number (CIN)**  
L64200MH2006PLC160733
- 2. Name of the Company**  
Siti Networks Limited
- 3. Registered Address**  
4th Floor, Madhu Industrial Estate, Pandurang Budhkar Marg, Worli, Mumbai 400013
- 4. Website**  
[www.sitinetworks.com](http://www.sitinetworks.com)
- 5. Email id**  
[csandlegal@sitinetworks.com](mailto:csandlegal@sitinetworks.com)
- 6. Financial Year Reported**  
April 1, 2015 – March 31, 2016
- 7. Sector(s) that the Company is engaged in (industry activity code-wise)**  
The Company is a Multi System Operator and is mainly engaged in the business of distribution of signals of Television Channels of various broadcasters, falling into 'Telecommunications' services – NIC Code (2008) -61103.
- 8. List three key products/services that the Company manufactures/provides (as in balance sheet)**  
The Company is a Multi System Operator and is mainly engaged in the business of distribution of signals of television channels of various broadcasters.
- 9. Total number of locations where business activity is undertaken by the Company**
  - i. Number of International Locations (Provide details of major 5)
  - ii. Number of National Locations

The Company provides its cable services in India's more than 350 cities and the adjoining areas.

## 10. Markets served by the Company

The Company provides its cable services in India's more than 350 cities and the adjoining areas.

## SECTION B – FINANCIAL DETAILS OF THE COMPANY

- 1. Paid Up Capital (₹ )**  
₹ 794.14 million
- 2. Total Revenue (₹ )**  
₹ 8,958.27 million
- 3. Total Profit after Taxes(₹ )**  
₹ (232.07) million
- 4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**  
Not Applicable, as the Company has incurred losses for three consecutive preceding Financial Years, the spending on CSR activities as prescribed under Companies (Corporate Social Responsibility Policy) Rules, 2014 is not applicable.
- 5. List of activities in which expenditure in 4 above has been incurred**  
Not Applicable, as the Company has incurred losses during the last three preceding financial years.

## SECTION C – OTHER DETAILS

- 1. Does the Company have any Subsidiary Company/ Companies?**  
As at March 31, 2016, the Company has 25 Subsidiary Companies.
- 2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such Subsidiary Company(s)**  
No
- 3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the**

**percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

No

implementation of BR Policies of the Company is ultimately shouldered by Mr. V. D. Wadhwa (DIN - 00439684) Executive Director & CEO of the Company.

**SECTION D- BR INFORMATION****1. Details of Director/Directors responsible for BR****a) Details of the Director/Director responsible for implementation of the BR policy/policies**

All Corporate Policies including the Business Responsibility Policies of the Company are engrained in day-to-day business operations of the Company and are implemented by Management at all levels. The responsibility for

**b) Details of the BR Head**

- DIN : 00439684
- Name : Mr. V. D. Wadhwa
- Designation : Executive Director & CEO
- Telephone Number : 0120 -4526707
- Email id : [csandlegal@sitinetworks.com](mailto:csandlegal@sitinetworks.com)

**2. Principle-wise (as per NVGs) BR Policy/policies**

(Reply in Y/N)

Sr. Questions No.	Business Ethics	Product Responsibility	Employee Well Being	Shareholder Engagement	Human Rights	Environment Protection	Public & Regulatory Policy	CSR	Customer relation
	P1	P2	P3	P4	P5	P6	P7	P8	P9
1 Do you have a policy/policies for....	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
2 Has the policy being formulated in consultation with the relevant stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
3 Does the policy conform to any national / international standards? If yes, specify?	NA	Yes	NA	Yes	Yes	NA	NA	No	NA
4 Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/CEO/ appropriate Board Director?	Yes	No	No	No	No	No	No	No	No

Sr. No.	Questions	Business Ethics	Product Responsibility	Employee Well Being	Shareholder Engagement	Human Rights	Environment Protection	Public & Regulatory Policy	CSR	Customer relation
		P1	P2	P3	P4	P5	P6	P7	P8	P9
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
6	Indicate the link for the policy to be viewed online?	Most of the relevant policies are disseminated and uploaded for information of relevant stakeholders and employees								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes								
8	Does the company have in-house structure to implement the policy/policies.	All Corporate Policies including Business Responsibility Policy are engrained in all day-to-day business operations of the Company and are implemented at all Management levels and monitored by the Executive Director & CEO from time to time								
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes								
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Policies are evaluated regularly by the CEO and/or respective Senior Executives								

**2a. If answer to S.No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

Within the overall guidance of the Board, the Corporate Policies are framed and/or modified from time to time. Policies have been implemented and followed over a period of time as per industry norms and/or best practices and were not approved by the Board specifically. However these Policies as and when approved are released for implementation by the CEO(s) and/or Executive Directors of the Company at the relevant point in time.

**3. Governance Related to BR**

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

The assessment of BR performance is done on an ongoing basis by the Executive Director & Chief Executive Director and Senior Management of the Company.

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

This is first year the Company had started publishing BR report from financial year 2014-15 on yearly basis. The BR report is/shall be available at [www.sitinetworks.com](http://www.sitinetworks.com)

**SECTION E: PRINCIPLE-WISE PERFORMANCE****Principle 1****Businesses Should Conduct and Govern Themselves with Ethics, Transparency and Accountability**

- 1. Does the policy relating to ethics, bribery and corruption apply only the Company? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/ Others?**

The Company considers Corporate Governance as an integral part of management. The Company has a Code of Conduct that is approved by the Board of Directors and this code is applicable to all Board Members and Senior Management. The code is available on the Company's website: [www.sitinetworks.com](http://www.sitinetworks.com). Additionally, as part of HR policy the Company has framed/circulated policies which deal with (i) Ethics

at work place; and (ii) restraining giving and receiving of gifts and other benefits in the course of business relationship etc. These policies are applicable to the employees at all levels, including subsidiaries.

Though the Company's policies currently do not apply to external stakeholders including suppliers, contractors, NGOs etc., the Company follows zero tolerance on any acts of bribery, corruption etc. by such agencies during their dealings with the Company.

**2. How many stakeholders' complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

As mentioned in the Corporate Governance Report, 1 complaint was received from investors during the FY 2015-16, the same have been resolved. Additionally, on an ongoing basis the complaints / grievances / views from viewers and other stakeholders are dealt with by respective functions within the Company.

**Principle 2**

**Businesses should provide Goods and Services that are Safe and Contribute to sustainability throughout their Life Cycle**

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.**

The Company is a Multi System Operator and is mainly engaged in the business of distribution of signals of television channels of various broadcasters, are in compliance with applicable regulations/advisories, issued by Ministry of Information and Broadcasting and the self-regulatory guidelines / advisories issued by Telecom Regulatory Authority of India, from time to time.

**2. For each such product, provide the following details in respect of resource use (energy, water, raw materials etc.) per unit of product (optional) including a) Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain and b)**

**Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The Company's business operations as a service provider, requires minimal energy consumption.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation). If yes, what percentage of your inputs was sourced sustainably?**

The Company maintains a healthy relationship with its content providers, vendors and other suppliers and the business policies of the Company include them in its growth. The process of vendor registration lays emphasis on conformity of safe working conditions, prevention of child labour, business ethics and general housekeeping by the vendor.

**4. Has Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors.**

Most of the business operations of the Company are carried out from commercial hubs of the country and the content provider and other goods and service providers required for the day-to-day operations are sourced from local vendors and small producers, which has contributed to their growth. However, the Company distributes the signals of television channels of various Broadcasters to its subscribers mainly through local cable operators.

**5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (Separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

As the Company is a service provider, it does not discharge any effluent or waste.

**Principle 3**

**Business should promote the well-being of all employees**

**1. Please indicate the total number of employees.**

596



**2. Please indicate the total number of employees hired on temporary/ contractual/ casual basis.**

1109

**3. Please indicate the number of permanent women employees.**

26

**4. Please indicate number of permanent employee with disabilities.**

2

**5. Do you have employee association that is recognised by management?**

No employee association exists

**6. What percentage of your permanent employees are members of this recognised employee association?**

NA

**7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year.**

Nil

**8. What percentage of your above mentioned employees were given safety and skill up-gradation training in the last year?**

The Company organises various training sessions in-house on a regular basis and also sponsors its employees to attend training sessions organised by external professional bodies to facilitate up gradation of skill, of employees handling relevant functions, basic fire and safety training. These trainings are generally attended by majority of employees.

**Principle 4**

**Businesses should respect interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised**

**1. Has the Company mapped its internal and external shareholders?**

The Company has mapped its internal and external stakeholders, the major/key categories include (i) Central and State Governments/ regulatory authorities viz. the Ministry of Information & Broadcasting, Ministry

of Corporate Affairs, Reserve Bank of India, Securities and Exchange Board of India, Foreign Investment Promotion Board, Stock Exchanges and Depositories (ii) Broadcaster; (iii) Vendors; (iv) Financial Institutions; (v) banks; (vi) domestic & international investors and (vii) professional service providers.

However the process of mapping of stakeholders is an ongoing effort of updation on regular basis.

**2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders?**

Yes

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof**

As part of its business operations, the Company supports various initiatives to create a greener and safer world.

The Company believes corporate social responsibility (CSR) is a critical mission that is at the heart of everything that it does, how it thinks and what it is. The Company is guided by the principal of Vasudhaiva Kutumbakam, a Sanskrit dictum on shared humanity, promoting a world where there is unity, harmony, and respect for every individual irrespective of caste and creed. The Company partners with government, NGOs and other relevant stakeholders to give back to the society through variety of its programs like Plantation drives, Donations for various causes through relief funds, competitions & engagement initiatives for the children from local orphanages.

**Principle 5**

**Business should respect and promote human rights**

**1. Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint ventures/ suppliers/ contractors/ NGOs/ Others?**

The Company believes that an organisation rests on a foundation of business ethics and valuing of human rights. The Company adheres to all statutes which embodies the principles of human rights such as prevention of child labour, woman empowerment etc. The Company promotes awareness of the importance of human rights within its value chain and discourages instances of any abuse.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the Management?**

There were no complaints reported on violation of any Human rights during the financial year 2015-16.

**Principle 6**

**Business should respect, protect, and make efforts to restore the environment**

**1. Does the policy related to principle 6 cover only the Company or extend to the Group/Joint ventures/ suppliers/ contractors/ NGOS/ Others?**

Nurturing and safeguarding the environment for long term sustainability is of prime importance. The Company, on standalone basis, has undertaken several green initiatives at all its office locations during the year.

**2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.? Y/N. If yes, please give hyperlink for webpage etc.**

No

**3. Does the company identify and assess potential environmental risks? Y/N**

No, the Company being in the business of Multi System Operator ('MSO') does not involve in any manufacturing activity.

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details**

**thereof in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

No, the Company being in the business of Multi System Operator ('MSO') does not involve in any manufacturing activity.

**5. Has Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy etc.? Y/N. If yes, please give hyperlink to webpage etc.**

No, the Company being in the business of Multi System Operator ('MSO') does not involve in any manufacturing activity.

**6. Are the Emissions/Waste generated by the Company within permissible limits given by CPCB/SPCB for the financial year being reported?**

No, the Company being in the business of Multi System Operator ('MSO') does not involve in any manufacturing activity.

**7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as of end of financial year.**

Nil

**Principle 7**

**Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

**1. Is your Company a member of any trade and chambers or association? If yes, name only those major ones that your business deals with.**

The Company is a Member of All India Digital Cable Federation.

**2. Have you advocated/lobbied through above associations for advancement or improvement of public good? Yes/No; If yes, specify the broad areas**

The Company has been active in various business associations and supports / advocates on various issues for better viewer experience through implementation of Digital Addressable System ('DAS').

**Principle 8****Businesses should support inclusive growth and equitable development****1. Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8?**

Due to losses incurred during the last three preceding financial years, spending on CSR activities are not applicable to the Company. However, the Company partners with Government, NGOs and other relevant stakeholders to give back to the society through variety of its programs like Plantation drives, Donations for various causes through relief funds, competitions & engagement initiatives for the children from local orphanages.

**2. Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/ government structures/any other organisation?**

Not Applicable.

**3. Have you done any impact assessment of your initiative?**

No.

**4. What is Company's direct contribution to community development projects Amount in ` and the details of the projects undertaken?**

Not Applicable

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

Not Applicable.

**Principle 9****Business should engage with and provide value to their customers and consumers in a responsible manner****1. What percentage of customer complaints/ consumer cases as on the end of financial year?**

There are no material consumer cases / customer complaints outstanding as at the end of financial year.

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws?**

Yes

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and or anti-competitive behavior during the last five years and pending as of end of financial year?**

None

**4. Did your Company carry out any consumer survey/ consumer satisfaction trends?**

Yes, the Marketing Department on a regular basis carries out surveys (either web-based or otherwise) for identifying consumers viewing behavior and emerging trends on consumer preferences. The Company also carries out studies from time to time on process requirement areas through consulting firms.

# REPORT ON CORPORATE GOVERNANCE

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The essence of Corporate Governance is about maintaining the right balance between economic, social, individual and community goals. At SITI Networks, good Corporate Governance is a way of life and the way we do our business, encompassing every day's activities and is enshrined as a part of our way of working. Your Company is focused on enhancement of long-term value creation for all stakeholders without compromising on integrity, societal obligations, environment and regulatory compliances. Our actions are governed by our values and principles, which are reinforced at all levels of the organisation. These principles have been and will continue to be our guiding force in the future.

For your Company, good Corporate Governance is a synonym for sound management, transparency and disclosure, encompassing good corporate practices, procedures, standards and implicit rules which propel a company to take sound decisions, thus maximising long-term shareholder value without compromising on integrity, social obligations and regulatory compliances. As a company with a strong sense of values and commitment, SITI Networks believes that profitability must go hand in hand with a sense of responsibility towards all stakeholders. This is an integral part of your Company's business philosophy. The cardinal principles such as independence, accountability, responsibility, transparency, trusteeship and disclosure serve as means for implementing the philosophy of Corporate Governance.

## POLICIES

In compliance with the requirements of Listing Agreements with Stock Exchanges, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), SEBI Regulations and Companies Act, 2013, Board of Directors of the Company has approved various policies, as detailed herein:

## WHISTLE BLOWER & VIGIL MECHANISM POLICY

As per Section 177 of the Companies Act, 2013 and Regulation 22 of Listing Regulations a comprehensive Whistle Blower and Vigil Mechanism Policy has been approved and implemented within the organisation. The policy enables the employees and directors to report instances of any unethical act or suspected incidents of fraud or violation of Companies Code of Conduct or ethics policy. This Policy (copy of which is uploaded on the website of the Company) safeguards whistleblowers from reprisals or victimisation.

## CODE OF CONDUCT

The Company has also adopted a Code of Conduct for the Members of the Board of Directors and Senior Management and all the Directors and senior functionaries as defined in the said code provide their annual confirmation of compliance with the Code. The copy of the code is available on the website of the Company [www.sitinetworks.com](http://www.sitinetworks.com). Besides the Code, the Company has also put in place a Policy on Ethics at Work Place which is applicable to all employees. The role and responsibilities of Independent Directors as prescribed in Schedule IV of the Companies Act, 2013 and/or prescribed in Listing Regulations forms part of the appointment letters issued to Independent Directors.

A declaration affirming compliance with the Code of Conduct by the Members of the Board and Senior Management Personnel is given below:

## DECLARATION

I confirm that the Company has obtained from all Directors and Senior Management Personnel of the Company their affirmation of compliance with the Code of Conduct for Members of the Board and Senior Management of the Company for the financial year ended March 31, 2016.

## V.D WADHWA

Executive Director & CEO  
Noida, May 15, 2016

## RELATED PARTY TRANSACTION POLICY

In compliance with the requirements of Regulation 23 of Listing Regulations, the Board of Directors of the Company has approved a Related Party Transaction Policy, to facilitate management to report and seek approval for any Related Party Transaction proposed to be entered into by the Company. The said Related Party Transaction Policy can be viewed on [www.sitinetworks.com](http://www.sitinetworks.com).

## POLICIES & CODE AS PER SEBI INSIDER TRADING REGULATIONS

In accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated and approved (i) an Insider Trading Code to regulate dealing in the securities of the Company by designated persons in compliance with the regulations; and (ii) a Policy for Fair Disclosure of Unpublished Price Sensitive Information.

Company Secretary of the Company is Compliance Officer for the purposes of Insider Trading Code, while the Chief Financial Officer / Head - Finance & Accounts of the Company shall serve as the 'Chief Investor Relations Officer' for the purposes of this Policy to deal with dissemination of information and disclosure of Unpublished Price Sensitive Information.

## FAMILIARISATION PROGRAM FOR INDEPENDENT DIRECTORS

Independent Directors are familiarised with their roles, rights and responsibilities in the Company as well as with the nature of industry and business model of the Company through induction programs at the time of their appointment as Directors and at regular intervals through deep-dive on various business segments of the Company. While review and approval of quarterly and

annual financial statements of the Company are taken up detailed presentation covering *inter alia* economy and industry overview, key regulatory developments, strategy and performance of the Company is made to the Board.

Apart from the above policies, the Board has in accordance with the requirements of Companies Act, 2013 and Listing Regulations approved and adopted Policy for determining Material Subsidiary, Remuneration Policy, Material Events Determination and Disclosure Policy and Document Preservation Policy. These policies can be viewed on Company's website [www.sitinetworks.com](http://www.sitinetworks.com).

## BOARD OF DIRECTORS

### COMPOSITION AND CATEGORY OF DIRECTORS

Siti Networks Limited ('SITINET') has a balanced Board with combination of Executive and Non-Executive Directors to ensure independent functioning and the current composition of the Board is in conformity with Regulation 17 (1) of the SEBI Listing Regulations. Independent Directors of the Company provide appropriate annual certifications to the Board confirming satisfaction of the conditions of their being independent as laid down in Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations.

Composition of the Board as at the close of March 31, 2016

Category of Director	No. of Director	% to total no of Directors
Executive Director	1	17
Non- Executive Independent Director (Including Women Director)	4	66
Other Non-Executive Non Independent Director	1	17
<b>Total</b>	<b>6</b>	<b>100</b>

### Number of Board Meetings

During the financial year under review, 6 (six) meetings of the Board were held on May 28, 2015, August 13, 2015, November 9, 2015, January 5, 2016, January 21, 2016 and February 19, 2015. Your Board meets at least once a quarter to review the quarterly performance and financial results of the Company and the intervening period between any two Board Meetings were well within the maximum time gap of one hundred and twenty days under Regulation 17 of the SEBI Listing Regulation and Secretarial Standards. The annual calendar of meetings is broadly determined at the beginning of each financial year.

### Attendance Record and their other Directorships/ Committee memberships

None of the Directors on the Board hold directorships in more than ten public companies. Further, as mandated by Regulation 26 of the SEBI Listing Regulations, none of the Directors is a member of more than ten Committees or Chairman of more than five Committees across companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2016 have been made by the Directors.

Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of independent directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.

Particulars of Directors, their attendance at the Annual General Meeting and Board Meetings detailed above held during the Financial Year 2015-16 and also their other Directorships/ Chairmanship held in Indian Public Companies and Membership/Chairmanship of various Board Committees of other Indian Public Companies as at March 31, 2016 are as under:

Name of the Director	Attendance at		No. of Directorship of other Public Companies <sup>4</sup>	No. of Membership/ Chairmanship of Board Committees <sup>5</sup>	
	Board Meeting (Total Board Meeting held 6)	9th AGM held on August 27, 2015		Membership	Chairmanship
<b>Non – Executive Independent Director</b>					
Mr. B.K.Syngal	6	Yes	3	2	2
Mr. Vinod Kumar Bakshi	6	No	1	3	Nil
Mr. Sureshkumar Agarwal	1	Yes	1	1	Nil
Ms. Kavita Anand Kapahi	3	Yes	2	2	Nil
<b>Non – Executive Director</b>					
Mr. Sandeep Khurana <sup>1</sup>	3	N.A.	Nil	Nil	Nil
Mr. Subodh Kumar <sup>2</sup>	-	Yes	-	-	-
<b>Non – Executive Chairman</b>					
Mr. Subhash Chandra <sup>3</sup>	-	N.A.	-	-	-
<b>Executive Director</b>					
Mr. V.D. Wadhwa	6	Yes	Nil	2	Nil

1. Mr. Sandeep Khurana was appointed as an Additional Director of the Company w.e.f. December 30, 2015.
2. Mr. Subodh Kumar resigned from the office as a Director effective from close of October 27, 2015.
3. Mr. Subhash Chandra resigned from the office as Director effective from close of April 4, 2015.
4. Excluding private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.
5. Only two committee viz. the Audit Committee and Stakeholder Committee are considered.

None of the Directors of your Company are *inter-se* related to each other.

None of the Non-Executive Directors of the Company holds any shares and convertible instruments of the Company, except Ms. Kavita Kapahi, Independent Director who holds 50 Equity Shares (in joint holding) of ₹ 1/- each in the Company.

### Separate Meeting of the Independent Directors

The Independent Directors of the Company met separately on March 28, 2016 without the presence of Non-Independent Directors and the members of management. The meeting was attended by all the Independent Directors. The meeting was conducted informally to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors of the Company. In accordance with the Listing Regulation, following matters were, *inter-alia*, discussed in the meeting:

- Performance of Non-Independent Directors and Board as a whole.
- Performance of the Chairman of the Company after taking into consideration the views of Executive and Non-Executive Directors.
- Assessment of the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### BOARD PROCEDURE

The Board Meetings of the Company are governed by a structured agenda. The Company Secretary in consultation with Executive Director & Chief Executive Officer finalises the agenda of the Board Meetings. All major agenda items, backed up by relevant and comprehensive background information, are sent well in advance of the date of the Board Meeting(s) to enable the Board Members to take informed decision. Any Board

Member may, in consultation with the Chairman of the Meeting and with the consent of all Independent Directors present at the meeting, bring up any matter at the meeting for consideration by the Board. Senior management personnel are invited from time to time to the Board Meetings to make requisite presentations on relevant issues or provide necessary insights into the operations / working of the Company and corporate strategies. The Board periodically reviews Compliance Reports in respect of various laws and regulations applicable to the Company.

### BRIEF PROFILE OF THE DIRECTORS PROPOSED TO BE APPOINTED/ REAPPOINTED AT THE ANNUAL GENERAL MEETING

**Mr. B.K.Syngal** is a Non-Executive Independent Director of the Company. Mr. Syngal was responsible for executing a GDR issue of USD 527 million at VSNL, the largest GDR issue out of India listed on the London Stock Exchange and third largest issue out of Asia. He is regarded as the father of Internet and data services in India, which propelled the growth of software exports from India.

In the international telecom arena, he has held the positions of Chairman, Commonwealth Telecommunications Organisation (CTO) London, and Councilor for India INMARSAT Council, London, Vice Chairman and Director, ICO Boards, Chairman of Governance Committee ICO, Cayman Islands and Governor, INTELSAT Board, Washington DC. He has been recipient of many industry awards including Telecom Man of the Decade award by Wisitex Foundation, India Partners in Progress award by Maharashtra State Government for his contribution in telecommunications both in India and Abroad. Mr. Syngal was one of the fifty Stars of Asia, chosen by Business Week magazine for the year 1998.

Apart from the Company, Mr. Syngal holds directorship in Sonata Software Limited, Sonata Information Technology Limited, Indian Security Council for IT & Telecom and Devas Multimedia Private Limited.

Mr. B.K. Syngal does not hold any securities in the Company.

**Vinod Kumar Bakshi** is a Non-Executive Independent Director of the Company. Mr. Bakshi is an experienced professional with career spanning over 4 decades in domestic and overseas marketing, public relations, administration and image building, holding senior position in reputed organisations like Care India, Gabriel India Ltd, Escorts Ltd, Williamson & Magor Group, Exide Industries Ltd., BBC etc. As BBC's Resident Director in India, he was responsible for supporting strategic directions, instilling operating standards to achieve goals, building talent and business infrastructure, as well as enhancing business growth and upholding and improving the image of BBC. Apart from being professional, Mr. Bakshi is a painter of repute and member of Lalita Kala Academy. He was also member of Central Film Censor Board.

Apart from the Company, Mr. Bakshi holds directorship in Planetcast Media Services Limited and Cottonconnect (South Asia) Private Limited.

Mr. Vinod Kumar Bakshi does not hold any securities in the Company.

**Sureshkumar Agarwal** is a Non-Executive Independent Director of the Company. Mr. Agarwal is a Commerce Graduate from Haryana University, with Entrepreneurial background. Mr. Agarwal is Managing Director and major shareholder of Super Dync Clothing Pvt. Ltd., a Company engaged in the business of Home Textile. Apart from textile business, Mr. Agarwal also has keen interest in Steel business. He is an active member of renowned charitable institute Lions club of Millennium.

Apart from the Company, Mr. Agarwal holds directorship in Super Dync Clothing Private Limited, Deoralia Finance Private Limited, Jay Properties Private Limited, Swals Steel Private Limited and Indian Cable Net Company Limited.

Mr. Sureshkumar Agarwal does not hold any securities in the Company.

**Sandeep Khurana** is a Non-Executive Director of the Company. Sandeep Khurana is qualified in Law and is a fellow member of the Institute of Company Secretaries of

India apart from being an associate member of the Institute of Cost Accountants of India. Mr. Khurana has a post qualification Experience of over 30 years having worked with renowned Corporates in India initially as an employee and in the latter part as owner professional in the fields of raising long term and short term resources from Banks and Financial Institutions apart from as private equity and from the public investors as a Merchant Banker. During his long career Mr. Khurana has not only had exposure to several organisational functions but also to several sectors such as automotive components, electronics, engineering, floriculture, transportation and logistics, finance and financial services, realty development, milk processing, hotels and hospitality, food processing, EPC, renewable energy, perfumery and toiletries, coal, coal washery and related transportation logistics, weaning foods, adhesives, garments manufacturing etc.

Apart from the Company, Mr. Khurana holds directorship in Insight Financial Services Private Limited, Modulex Modular Buildings Private Limited, Six by Six Mediavision Private Limited and Eco Hotels India Private Limited.

Mr. Sandeep Khurana does not hold any securities in the Company.

## BOARD COMMITTEES

Your Board has constituted Committees for smooth and efficient operation of day-to-day business of the Company. These Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas/ activities which concern the Company and need a closer review. Each Committee of the Board is guided by and operates under the terms of reference, which has been framed in compliance with applicable laws defining the scope, powers and composition of the Committee. The minutes of the meetings of all the Committees are placed before the Board.

## AUDIT COMMITTEES

The Board has constituted a well-qualified Audit Committee. The Company has framed the mandate and working procedures of the Audit committee as required Section 177 of the Companies Act, 2013 and Regulation



18 of the SEBI Listing Regulation defining therein the term of reference, membership, powers, meeting procedures etc. of Audit Committee.

The Audit Committee also reviews adequacy of disclosures and compliance with all relevant laws. In addition to the foregoing, in compliance with requirements of Regulation 18 of the SEBI Listing Regulation, the Audit Committee reviews operations of subsidiary companies viz., its financial statement, significant related party transactions, statement of investments and minutes of meeting of the Board and Committees.

#### Term of reference

The Terms of reference and role of the Audit Committee are as per Regulation 18 and Schedule II part C of the SEBI Listing Regulations and Section 177 of Companies Act, 2013. The Committee meets periodically and *inter alia*:

- Reviews Accounting and financial reporting process of the Company;
- Reviews Audited and Un-audited financial results;
- Reviews Internal Audit reports, risk management policies and reports on internal control system;
- Discusses the larger issues that are of vital concern to the Company including adequacy of internal controls, reliability of financial statements/ other management information, adequacy of provisions for liabilities and whether the audit tests are appropriate and scientifically carried out in accordance with Company's current business and size of operations.;
- Reviews and approves of transactions proposed to be entered into by the Company with related parties including any subsequent modifications thereto;
- Reviews functioning of Whistle Blower & Vigil Mechanism Policy; and

- Recommends proposals for appointment and remuneration payable to the Statutory Auditor, Internal Auditor and Chief Financial Officer.

The Audit Committee also reviews adequacy of disclosures and compliance with all relevant laws. Additionally, in compliance with requirements of Regulation 24 of the SEBI Listing Regulations, the Audit Committee reviews operations of Subsidiary Companies viz. its financial statements, significant related party transactions, statement of investments and minutes of meetings of its Board and Committees.

#### Composition and Meetings of the Audit Committee

The Audit Committee of the Company comprised of Mr. B.K.Syngal, Independent Director as the Chairman and Mr. Vinod Kumar Bakshi Independent Director, Mr. Sureshkumar Agarwal, Independent Director and Mr.V.D.Wadhwa, Executive Director and CEO as the members of the Audit Committee. More than two-third of the members of the Committee are Independent Directors including Chairman. All the members have accounting and financial management knowledge. Mr. B. K. Syngal, the Chairman of the Audit Committee has accounting and financial management expertise. The Company Secretary of the Company acts as the secretary to the Committee.

During the year under review, the Audit Committee met five (5) on May 28, 2015, August 13, 2015, November 9, 2015, January 5, 2016 and January 21, 2016 and the necessary quorum was present at the meetings. Mr. B.K.Syngal, Chairman of Audit Committee had attended the Annual General Meeting held on August 27, 2015 and answered the queries raised by the shareholders.

The Head Finance, the Partner/ Representative of the Statutory Auditors and the Internal Auditors are some of the invitees to the Audit Committee. Internal Auditors have attended Audit Committee Meetings wherein the Internal Audit Reports were considered by the Committee.

The details of attendance of Audit Committee meetings during the financial year ended March 31, 2016 are as under:

Name of the Director	Category	No. of meeting attended
Mr. B.K.Syngal (Independent Director)	Chairman	5
Mr. Vinod Kumar Bakshi (Independent Director)	Member	5
Mr. Sureshkumar Agarwal (Independent Director)	Member	1
Mr. V.D. Wadhwa (Executive Director)*	Member	2

\*Mr. V.D.Wadhwa was appointed as the member of the Audit Committee w.e.f. November 9, 2015

## NOMINATION & REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Company is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations read with Section 178 of the Companies Act, 2013.

### Term of reference

- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- Formulate the criteria for determining qualification, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- Ensure the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- Ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

- Formulate policy with regard to remuneration to Directors, Key Managerial Personnel and Senior Management involving a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

### Composition and Meetings of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company comprised of Mr. B.K.Syngal, Mr. Vinod Kumar Bakshi and Mr. Sureshkumar Agarwal as the members of the Committee all being Independent Directors.

During the year under review, the Nomination and Remuneration Committee met three (3) times on May 28, 2015, August 13, 2015 and September 3, 2015 and the necessary quorum was present at the meetings.

The details of attendance of Nomination and Remuneration Committee meetings during the financial year ended March 31, 2016 are as under

Name of the Director	Category	No. of meeting attended
Mr. B.K.Syngal (Independent Director)	Member	3
Mr. Vinod Kumar Bakshi (Independent Director)	Member	3
Mr. Sureshkumar Agarwal (Independent Director)	Member	2

### Performance Evaluation Criteria for Independent Directors

Performance of each of the Independent Directors are evaluated every year by the entire board with respect to various factors like personal traits which include business understanding, communicate skills, ability to exercise objective judgment in the best interests of the Company and on specific criteria which include commitment, guidance to Management, deployment of knowledge and expertise, management of relationship with various stakeholders, independence of behaviour and judgment, maintenance of confidentiality and contribute to corporate governance practice within the Company.

### Remuneration Policy

The guiding principle of the remuneration policy of the Company is that the remuneration and other terms of engagement / employment shall be competitive enough to ensure that the Company is in a position to attract, retain and motivate right kind of human resource(s) for achieving the desired growth set by the Company's Management year on year thereby creating long-term value for all stakeholders of the Company.

### Remuneration of Executive Directors

Mr. V. D. Wadhwa, Executive Director & CEO of the Company, was appointed by the shareholders of the Company by passing the resolution through postal ballot on October 14, 2014 for a period of three (3) years commencing from August 12, 2014.

The detail of remuneration paid to the Mr. V. D. Wadhwa, Executive Director & CEO of the Company during the year ended March 31, 2016 is as under:-

Particulars	₹ in million
*Salary	14.95
*Benefits Perquisites and Allowances	0.00
Provident Fund Contribution	1.14
<b>Total Amount</b>	<b>16.09</b>
Employee Stock Options Granted (unvested)	1,500,000

\*As per provisions contained in section 17(1), 17(2) and 17(3) of the Income-tax Act, 1961.

The above figures do not include the provisions for encashable leave, gratuity and premium paid for group health insurance, as separate actuarial valuation/premium paid are not available and the one-time bonus paid, as the same is of non-reoccurring nature.

### Remuneration of Non-Executive Directors

Non-Executive Independent Directors shall be entitled to sitting fees of ₹ 20,000/- per meeting for attending the meetings of the Board and Committees thereof. The Company also reimburses the out-of pocket expenses incurred by the Directors for attending meetings.

The details of the sitting fees paid to the Non-Executive Independent Directors for the period April 1, 2015 to March 31, 2016 are as under:

(₹ in million)	
Name of the Director	Amount paid as Sitting Fees
Mr. B. K. Syngal	0.34
Mr. Vinod Kumar Bakshi	0.34
Mr. Sureshkumar Agarwal	0.08
Ms. Kavita Kapahi	0.06

The Non-Executive Independent Directors, apart from receiving the sitting fees, do not have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management, its subsidiaries and associates, which may affect independence of the Director. The Non-Executive Independent Directors of the Company shall not be entitled to participate in Stock Option Scheme of the Company.

### STAKEHOLDER RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with Section 178 of the Companies Act, 2013.

The Broad terms of reference of the Stakeholder Relationship to supervise and ensure the satisfactory redressal of investors' complaints and recommends measures for overall improvement in the quality of investor services. The Committee has delegated the power of approving requests for transfer, transmission, rematerialisation, dematerialisation, etc. of shares of the Company to the Company Secretary of the Company.

The Stakeholders' Relationship Committee of the Company comprised of Mr. B. K. Syngal Independent Director, Mr. Vinod Kumar Bakshi, Independent Director and Mr. V. D. Wadhwa, Executive Director and CEO as the members of the Committee. Mr. Suresh Kumar, Company Secretary of the Company is Compliance Officer of the Company, who oversees the redressal of the investors' grievances.

During the year, no meeting was held of Stakeholders Relationship Committee. Mr. Subodh Kumar, who was on the Board of Directors of the Company, had attended the Annual General Meeting held on August 27, 2015 and answered the queries raised by the shareholders.

Details of number of requests/complaints received and resolved during the year ended March 31, 2016 are as under:

Nature of Correspondence	Received	Resolved/Replied	Pending
Non Receipt of Shares	Nil	Nil	Nil
Non Receipt of Annual Report	Nil	Nil	Nil
Complaint Received from SEBI	Nil	Nil	Nil
Complaint Received from NSE	1	1	0
Complaint Received from BSE	Nil	Nil	Nil
Complaint Received from ROC/ Others	Nil	Nil	Nil
<b>Total</b>	<b>1</b>	<b>1</b>	<b>0</b>

### OTHER BOARD COMMITTEES

The Board has provided for detailed guidelines on constitution, quorum, scope and procedures to be followed by these Committees in discharging their respective functions. Minutes of the proceedings of Committee meetings are circulated to the Board members and are placed for record by the Board at its subsequent Meeting.

In addition to the above, the Board has constituted following Committees to exercise powers delegated by the Board as per the scope mentioned herein:

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In compliance with the requirements of Section 135 read with Schedule VII of the Companies Act 2013, the Board has constituted Corporate Social Responsibility Committee comprising of Mr Vinod Kumar Bakshi, Mr. Sureshkumar Agarwal and Mr. V.D.Wadhwa as the Members.

The broad term of reference includes:-

- i. To formulate and recommend to the board, a CSR policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;

- ii. To recommend the amount to be spent on the CSR activities;
- iii. To periodically monitor the Company's CSR policy;
- iv. To institute a transparent monitoring mechanisms for the implementation of CSR Projects.

During the year, no meeting was held of Corporate Social Responsibility Committee.

### CORPORATE MANAGEMENT COMMITTEE

The Board has also constituted a Corporate Management Committee comprising of Key Managerial Personnel of the Company to review, approve and/or grant authorities for managing day-to-day affairs of the Company within the powers delegated by the Board. The Corporate Management Committee meet as and when required to deliberate and decide on various matters within their respective scope or powers delegated by the Board.

### GENERAL MEETINGS

The Tenth Annual General Meeting of the Company for the Financial Year 2015-16 will be held on Tuesday, September 27, 2016 at 3.30 p.m. "Hall of Culture", Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400018".

Details of Annual General Meeting of the Company held during last 3 years are as under:

Meeting	Day, Date and Time of the Meeting	Venue	Special Resolution passed
2014-15	Thursday, August 27, 2015 3:30 p.m	'Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400018	a. Approval for increasing the FII/FPI holding limit to 49% of the paid-up equity share capital of the Company. b. Approval for raising of capital by issue of Equity Shares or convertible securities up to an amount not exceed Rupee equivalent of USD 100 million. c. Implementation of 'SITI ESOP 2015'. d. Extending the benefits of SITI ESOP 2015 to the employees and Directors of the subsidiaries / holding company of the Company.
2013-14	Tuesday, August 12, 2014 4:00 p.m	"Ravindra Natya Mandir", Near Siddhivinayak Temple, Sayani Marg, Prabhadevi, Mumbai - 400 025.	a. Appointment of Mr. Anil Malhotra as the Manger of the Company. b. Pursuant to the provision of Section 180(1)(c) of the Companies Act, 2013 for borrow money upto ₹ 1500 crore.
2012-13	Friday, August 30, 2013, 3:30 p.m.	'Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400018	Appointment of Mr.V.D. Wadhwa as Executive Director of the Company.

During the year under review, the Shareholder of the Company has passed the following resolutions at the Extra-ordinary General Meeting held on February 4, 2016 at 3:00 p.m. at Kohinoor Continental, Andheri Kurla Road, Chakala, Andheri (E), Mumbai - 400 059 :-

- i. Increase in Authorised Share Capital of the Company and consequential change in Clause V(a) of the Memorandum of Association of the Company relating to Share Capital.
- ii. Issuance of convertible Warrants and Optionally Fully Convertible Debentures to Promoter/ Promoter Group entities.

All the above resolutions were passed with overwhelming majority.

### POSTAL BALLOT

During the year under review, your Company sought the approval of the Shareholders through the Postal Ballot Mechanism for the below mentioned resolution proposed by the Company vide Postal Ballot. The Resolutions passed through Postal Ballot process and the voting pattern (Postal Ballot & e-voting) of such resolution is mentioned hereunder:

Particulars of Resolution	Date of Result : July 13, 2015		
	Voter count (No. of Shares) FOR	Voter count (No. of Shares) AGAINST	Approved/ Disapproved
Special Resolution under Section 180(1)(c) of the Companies Act, 2013, for borrowing money upto ₹ 3000 crore	515,701,377	5,172	Approved

- FCS Satish K. Shah, Practicing Company Secretary was appointed as the Scrutiniser for conducting the Postal Ballot process in a fair and transparent manner.
- The Company has engaged CDSL for using the electronic platform for evoting for the resolution under the Postal Ballot and the voting received using the electronic platform were entered in a register separately maintained for the purpose.
- The voting period under the postal ballot was commence Wednesday, the 10th day of June, 2015 at 9.00 a.m. and ended on Thursday, the 9th day of July, 2015 at 6.00 p.m.

## OTHER DISCLOSURES

### Compliance with Mandatory requirements and adoption of Non - Mandatory requirements

The Company has complied with all mandatory requirements of Listing Regulations.

The Company has duly fulfilled the following discretionary requirements as prescribed in Schedule II Part E of the Listing Regulations:

- i. **Shareholder Rights** - The quarterly and half yearly financial performance of the Company are communicated to the shareholders by way of an advertisement in the newspapers, as per requirements of the Listing Regulations, and are also posted on the Company's website, the same are not being sent to the shareholders individually.
- ii. **Audit Qualifications:** The Company's financial statement for the financial year 2015-16 does not contain any audit qualification.

- iii. **Reporting of Internal Auditor:** The Internal Auditor reports directly to the Audit Committee on quarterly basis.

## MEANS OF COMMUNICATION

The Company has promptly reported all material information including declaration of quarterly financial results, press releases, etc. to all Stock Exchanges, where the securities of the Company are listed by uploading on the online portal of the stock exchanges i.e. NEAPS (NSE) & Corporate Filing (BSE). Such information is also simultaneously displayed immediately on the Company's website [www.sitinetworks.com](http://www.sitinetworks.com). The financial results quarterly, half yearly and annual results and other statutory information were generally communicated to the shareholders by way of an advertisement in a English newspaper viz. 'Business Standard' and in a vernacular language newspaper viz. 'Nav Shakti (Marathi)' as per requirements of the Listing Regulations.

Other official press releases and presentation made to Institutional Investors or to the analysts are also available on the Company's website.

**Annual Report:** Annual Report is circulated to members and other concerned including Auditors, Equity Analyst etc. Further, the Management Discussion and Analysis (MDA) Report, highlighting operations, business performance, financial and other important aspects of the Company's functioning, forms an integral part of the Annual Report.

**Website:** Pursuant to Regulation 46 of the Listing Regulation, the Company's website [www.sitinetworks.com](http://www.sitinetworks.com) contains a dedicated functional segment called 'Investor Relations' where all the information needed by shareholders is available including Press Releases, Shareholding Pattern and Annual Reports.

# CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members of  
**Siti Networks Limited** (*earlier known as Siti Cable Network Limited*)

We have examined the compliance of conditions of Corporate Governance by **Siti Networks Limited** (*earlier known as Siti Cable Network Limited*) (the Company'), for the year ended March 31, 2016, as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on representation made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Amit Agrawal & Associates**

Place : New Delhi  
Dated : August 19, 2016

**CS Amit Agrawal**  
Proprietor  
CP -3647, M. No. 5311

## GENERAL SHAREHOLDERS INFORMATION

1.	Annual General Meeting	
	● Day & Date	: Tuesday, September 27, 2016
	● Time	: 3.30 P.M.
	● Venue	: "Hall of Culture", Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400018".
2.	Financial year	: April 1, 2015 to March 31, 2016
3.	Book Closure Date	: Wednesday, September 21, 2016 to Tuesday, September 27, 2016 (both days inclusive)
4.	Dividend Payment Date	: The Board has not recommended any dividend for the Financial Year 2015-16.
5.	Address of Correspondence Registered Office	: 4th Floor, Madhu Industrial Estate, Pandurang Budhkar Marg, Worli, Mumbai 400013. Phone No.: +91- (022) 43605555 Email :- <a href="mailto:csandlegal@sitinetworks.com">csandlegal@sitinetworks.com</a>
6.	Corporate Office	: GYS Global Building (Tower A), 4th Floor, Plot No A-3, 4 & 5, Sector - 125, Noida-201301 Ph No.: +91-(0120) 4526707 Email :- <a href="mailto:csandlegal@sitinetworks.com">csandlegal@sitinetworks.com</a>
7.	Listing on Stock Exchange	: BSE Limited (BSE) The National Stock Exchange of India Limited (NSE) Company has paid requisite Listing Fees to the Stock Exchanges for Financial Year 2015-16.
8.	Stock Code	: BSE - 532795 NSE - SITINET-EQ
9.	Corporate Identification Number	: L64200MH2006PLC160733
10.	ISIN No.	: INE965H01011
11.	Registrar & Share Transfer Agent	: Link Intime India Pvt Ltd (w.e.f. July 1, 2016) C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup West, Mumbai 400 078, India Tel: +91-22-2594 6970 Fax: +91-22-2594 6969 E.Mail: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>

## 12. CHANGE OF ADDRESS

Members holding equity share in physical form are requested to notify the change of address, if any, to the Company's Registrar & Share Transfer Agent, at the address mentioned above.

The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding equity share in dematerialised form are requested to submit their PAN, notify the change of address, if any, to their

respective Depository Participant (DP). Members holding shares in physical form can submit their PAN, notify the change of address, if any, to the Company/ Registrar & Share Transfer Agent.

## 13. SHARE TRANSFER SYSTEM

99.95% of the Equity Shares of the Company are in electronic form. Transfer of these shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with the Company. Transfer of shares in physical form is normally



processed within ten to twelve days from the date of receipt, if the documents are complete in all respects.

#### **14. DEMATERIALISATION OF SHARES & LIQUIDITY**

To facilitate trading of Equity shares of the Company in dematerialised form, the Company has made arrangements with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shareholders can open account with any of the Depository Participant registered with any of these two depositories. As on March 31, 2016, 99.95% of the Equity Shares of the Company is held by 107,961 Equity Shareholders in the dematerialised form and the balance 0.05% is held by 687 Equity Shareholders in physical form.

#### **15. OUTSTANDING WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY**

During the year under review, the Company, in accordance with Chapter VII of the SEBI ICDR Regulations, has issued and allotted 142,857,142 number of Warrants and 51,428,571 number of Optionally Fully Convertible Debentures (OFCDs), convertible into equal number of Equity Shares of ₹ 1/- each on the Preferential basis to the Promoters/ Promoter Entities.

As on March 31, 2016, 57,142,857 number of Warrants and 20,628,571 number of Optionally Fully Convertible Debentures (OFCDs) are outstanding for conversion into equal number of Equity Shares of ₹ 1/- each. After conversion of all these Warrants and OFCDs, the Promoter's shareholding will increase from existing 70.99% to 73.58%.

The Company has not issued any GDRs/ADRs in the past and hence as March 31, 2016, the Company does not have any outstanding any GDRs/ADRs.

#### **16. COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES**

The details pertaining to the Commodity Price risk or Foreign Exchange risk and Hedging Activities forms the part of Management Discussion and Analysis Report.

#### **17. SHAREHOLDERS' CORRESPONDENCE**

The Company has attended to all the investors' grievances/ queries/ Information requests except for the cases where the Company is restrained due to some pending legal proceedings or court/statutory orders.

It is the endeavor of the Company to reply all letters / communications received from the shareholders within a period of 5 working days.

All correspondence may be addressed to the Registrar & Share Transfer Agent at the address given in this Shareholders Information section. In case any shareholder is not satisfied with the response or do not get any response within reasonable period, they may approach the Investor Relations Officer of the Company.

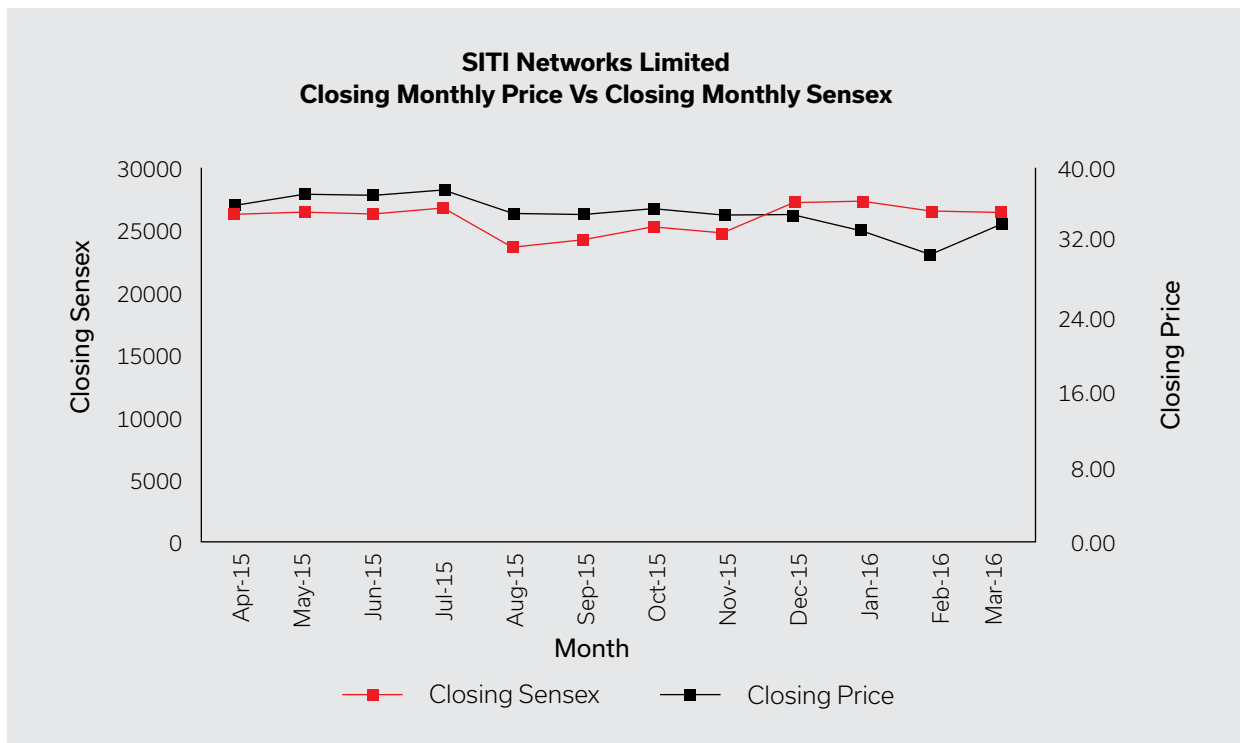
#### **18. MARKET PRICE DATA**

Monthly high and Low quotation and volume of Equity Shares traded on BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) for the Financial year 2015-16 are given as under:-

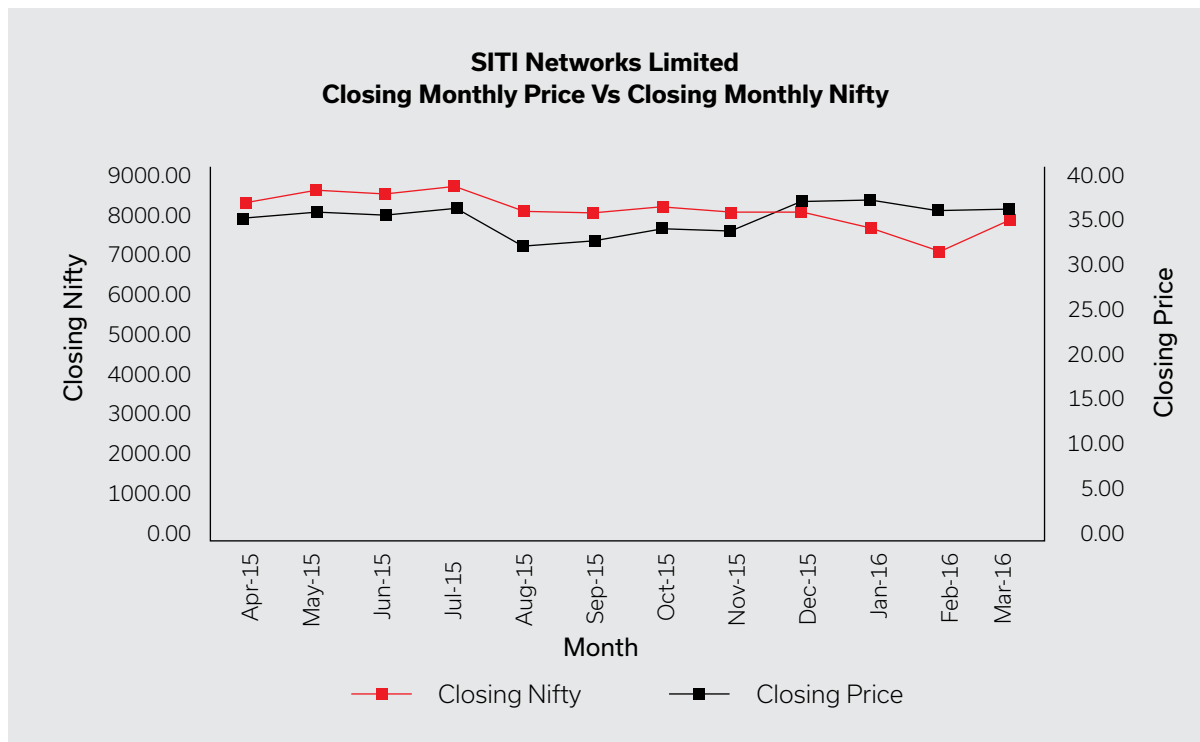
Month	BSE			NSE		
	High (in ₹)	Low (in ₹)	Traded Quantity	High (in ₹)	Low (in ₹)	Traded Quantity
April 2015	37.40	34.25	1,452,264	38.00	34.10	6,306,818
May 2015	37.25	33.55	1,138,141	37.25	33.45	5,666,186
June 2015	36.50	32.50	1,540,822	36.50	32.40	18,069,346
July 2015	37.80	33.30	8,300,774	39.90	33.20	15,564,807
August 2015	36.10	27.50	2,093,560	36.00	27.65	4,680,110
September 2015	34.15	30.00	1,980,342	34.25	30.10	6,756,123
October 2015	35.95	32.00	1,344,947	35.90	32.00	2,917,615
November 2015	34.30	30.15	820,227	34.40	30.35	2,455,177
December 2015	37.10	32.40	2,092,084	37.20	32.20	8,471,496
January 2016	41.70	33.75	4,773,986	41.70	33.60	16,540,768
February 2016	36.80	30.90	1,076,467	36.95	30.80	7,792,297
March 2016	36.70	33.95	1,707,786	36.75	34.00	4,308,287

## 19. RELATIVE PERFORMANCE OF SHARES OF SITI NETWORKS LIMITED VS. BSE SENSEX & NIFTY INDEX:

Monthly Closing Price (Month End) Vs Monthly Closing Sensex (Month End)



### Monthly Closing Price (Month End) Vs Monthly Closing Nifty (Month End)



### 20. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2016

Description	Shareholders		No. of Shares	
	Number	% of shareholders	Number	% of Shares
Less than 5000	107,496	98.94	28,803,315	3.63
5001-10000	577	0.53	4,250,542	0.54
10001-20000	257	0.24	3,732,601	0.47
20001-30000	86	0.08	2,159,966	0.27
30001-40000	46	0.04	1,606,623	0.20
40000-50001	23	0.02	1,058,865	0.13
50001-100000	69	0.06	4,906,334	0.62
100000 and above	94	0.09	747,629,174	94.14
<b>Total</b>	<b>108,648</b>	<b>100.00</b>	<b>794,147,420</b>	<b>100.00</b>

## 21. CATEGORIES OF EQUITY SHAREHOLDER AS ON MARCH 31, 2016

Particulars	No. of Share held	% of shareholding
Promoter	563,756,712	70.99
Individual	53,993,686	6.80
Financial Institutions, Mutual & Banks	50,743,086	6.39
Indian companies	15,390,079	1.94
Trust	77,773	0.01
FII,NRI, Foreign Bodies & OCBS	110,186,084	13.87
<b>Total</b>	<b>794,147,420</b>	<b>100.00</b>

## 22. PROMOTERS SHAREHOLDING AS ON MARCH 31, 2016

S. No.	Particulars	No. of Share held	% of total shareholding
1.	Direct Media Solutions Private Limited	140,000,000	17.63
2.	Bioscope Cinemas Private Limited	50,670,529	6.38
3.	Digital Satellite Holdings Private Limited	71,369,898	8.99
4.	Essel Media Ventures Limited	116,431,000	14.66
5.	Essel International Limited	67,750,000	8.53
6.	Digital Satellite Media & Broadband Private Limited	30,800,000	3.88
7.	Direct Media & Cable Private Limited	85,714,285	10.79
8.	Ashok Mathai Kurien	1,021,000	0.13
	<b>Total</b>	<b>563,756,712</b>	<b>70.99</b>

## 23. TOP TEN (10) PUBLIC SHAREHOLDING AS ON MARCH 31, 2016

S. No.	Name of Shareholder	No of Shares held	% of shareholding
1.	Morgan Stanley Asia (Singapore) PTE.	35,491,633	4.47%
2.	HDFC Trustee Company Limited-HDFC Equity Fund	32,907,100	4.14%
3.	Polus Global Fund	14,949,030	1.88%
4.	Swiss Finance Corporation (Mauritius) Limited	12,708,282	1.60%
5.	DSP Blackrock Micro Cap Fund	11,754,575	1.48%
6.	Citigroup Global Markets Mauritius Private Limited	7,225,119	0.91%
7.	Copthall Mauritius Investment Limited	6,446,624	0.81%
8.	Amal N Parikh	4,848,162	0.61%
9.	HDFC Trustee Company Limited - HDFC Tax Saver fund	4,645,970	0.58%
10.	Goldman Sachs (Singapore) PTE	3,586,526	0.45%

## 24. UNCLAIMED SHARES

In accordance with requirement of Regulation 34(3) and Schedule V Part F of SEBI Listing Regulations, the Company reports the following details in respect of the Equity Shares, which were issued by the Company from time to time and lying in the suspense account is as under:

Description	No. of Shareholders	No. of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2015	84	46,917
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	01	500
Number of shareholders to whom shares were transferred from the suspense account during the year	01	500
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2016	83	46,417

The voting rights on the shares outstanding in suspense account as on March 31, 2016 shall remain frozen till the rightful owner of such shares claims the shares.

## 25. SHARE CAPITAL BUILD-UP

### (a) Equity Shares

Particulars	No. of Equity Shares Allotted	Date of Issue
Subscribers to the Memorandum of Association of the Company	50,000	March 25, 2006
Subdivision of equity shares of ₹ 10/- each into equity shares of ₹ 1/- each	500,000	July 25, 2006
Allotted to the shareholders of Zee Entertainment Enterprises Limited pursuant to Scheme of Arrangement	216,717,753	December 29, 2006
Right Issue	236,222,285	October 29, 2009
Allotted upon conversion of warrants as per terms of issue of Preferential Issue	68,500,000	March 25, 2014
Allotted upon conversion of warrants as per terms of issue of Preferential Issue	93,500,000	April 2, 2014
ESOP Allotment	77,840	February 4, 2015
QIP Allotment	63,174,540	March 9, 2015
ESOP Allotment	167,840	March 26, 2015
Allotted upon conversion of warrants as per terms of issue of Preferential Issue	85,714,285	February 19, 2016
Allotted upon conversion of OFCD as per terms of issue of Preferential Issue	30,800,000	March 28, 2016
Less: Forfeiture of shares	1,227,123	October 19, 2011
<b>Paid up equity share capital of the Company as on March 31, 2016</b>	<b>794,147,420</b>	

### (b) Preference Shares

Particulars	No. of Equity Shares Allotted	Date of Issue
Issued pursuant to Scheme of Arrangement	23,436	December 29, 2006
<b>Paid up preference share capital of the Company as on March 31, 2016</b>	<b>23,436</b>	



## Financial Statements

# 117-215

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# INDEPENDENT AUDITOR'S REPORT

## To the Members of SITI Cable Network Limited

### REPORT ON THE STANDALONE FINANCIAL STATEMENTS

1. We have audited the accompanying standalone financial statements of SITI Cable Network Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

2. 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 standalone 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 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; 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

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. 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.
5. 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 standalone financial statements are free from material misstatement.
6. 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 controls 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.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 2016, and its loss and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in Annexure I, 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 purpose 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 standalone financial statements dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
  - f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 25 May, 2016 as per Annexure II expressed unqualified opinion; 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. as detailed in Note 36 to the standalone financial statements, the Company has disclosed the impact of pending litigations on its standalone financial position;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and;
    - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Walker Chandiok & Co LLP**  
 (Formerly Walker, Chandiok & Co)  
 Chartered Accountants  
 Firm's Registration No.: 001076N/N500013

per **Rajni Mundra**  
 Partner  
 Membership No.: 58644

Place: New Delhi  
 Date: 25 May, 2016



## ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT

of even date to the members of SITI Cable Network Limited, on the financial statements for the year ended 31 March 2016

### ANNEXURE I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except for some of the network equipment acquired in a scheme of arrangement in an earlier year where the records are maintained for group of similar assets and not for each individual asset.
- (b) The Company has a regular program of physical verification of its fixed assets (other than set top boxes and broadband consumer premises equipment (CPE), installed at customer premises and those in transit or lying with the distributors/ cable operators and distribution equipment comprising overhead and underground cables physical verification of which is infeasible owing to the nature and location of these assets), under which fixed assets, except for some of the network equipment acquired in a scheme of arrangement in an earlier year, are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, the existence of set top boxes and CPE installed at customer premises is considered on the basis of the 'active user' status of the set top box and CPE. No material discrepancies were noticed on the verification of these assets except in case of some of the network equipment acquired in a scheme of arrangement in an earlier year which have not been physically verified by the management during the year and we are therefore unable to comment on the discrepancies, if any, which could have arisen on verification thereof.
- (c) The title deeds of all the immovable properties are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) Based on the information and explanations given to us by the management, in our opinion, the Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) Based on the information and explanations given to us by the management, in our opinion, Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees, and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) Based on the information and explanations given to us by the management, in our opinion, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

- (vii) (a) Based on the records of the Company and as per the information and explanations given to us by the management as referred in note 8(i) to the standalone financial statements, the Company has adjusted liability for entertainment tax payable with the corresponding receivables. Other than this, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

#### Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in million)	Amount paid under Protest (₹ in million)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income tax	64.64	-	Assessment Year 2010-11, Assessment Year 2012-13 and Assessment Year 2013-14	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service tax	13.28	0.68	July 2003 to June 2008	CESTAT
Karnataka Value Added Tax Act, 2003	Value added tax	2.83	0.85	Financial Year 2007-08	Joint Commissioner of Commercial Taxes
Andhra Pradesh Value Added Tax Act, 2005	Value added tax	5.58	0.71	Financial Year 2010-11 to Financial Year 2012-13	Appellate Deputy Commissioner, Commercial Taxes (Appeals)
Delhi Value Added Tax Act, 2004	Value added tax	126.53	5.30	April 2014 to December 2014	Additional Commissioner (Appeals)
The Maharashtra Value Added Tax Act, 2002	Value added tax	12.04	1.69	Financial Year 2007-08 and Financial Year 2011-12	Joint Commissioner of Commercial Taxes (Appeals)

- (viii) There are no loans or borrowings payable to financial institutions or government. The Company has not defaulted in repayment of loans or borrowings to any bank or any dues to debenture-holders during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purpose for which the loans were obtained.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) As detailed in note 48 to the standalone financial statements, the Company has provided and paid managerial remuneration which is not in accordance with the requisite approval mandated by the provisions of section 197 of the Act read with Schedule V to the Act. The details of the same are as follows:

S. No.	Payment made to	Financial year	Amount paid and provided in excess of limits prescribed (₹ in million)	Amount due for recovery as at 31 March 2016	Steps taken to secure the recovery of the amount	Remarks (if any)
1	CEO and Executive Director	2014-2015 and 2015-2016	4.12	4.12	-	The Company has submitted representation before Central Government for reconsideration of remuneration so paid and approval is awaited for the same.

- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) Based on the information and explanations given to us by the management, in our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year, the Company has made preferential allotment of shares and optionally fully convertible debentures. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised were applied for the purposes for which these securities were issued, though idle funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand. During the year, the Company did not make private

placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

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

For **Walker Chandiok & Co LLP**  
(Formerly Walker, Chandiok & Co)  
Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Rajni Mundra**  
Partner

Membership No.: 58644

Place: New Delhi  
Date: 25 May, 2016

## ANNEXURE II

### Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the standalone financial statements of SITI Cable Network Limited ("the Company") as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company of as of that date.

#### Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's

business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing ("Standards"), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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.

5. 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 IFCoFR.

#### **Meaning of Internal Financial Controls over Financial Reporting**

6. A company's IFCoFR 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 IFCoFR 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**

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**  
(Formerly Walker, Chandiok & Co)  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

per **Rajni Mundra**  
Partner  
Membership No.: 58644

Place: New Delhi  
Date: 25 May, 2016

# BALANCE SHEET

as at March 31, 2016

	Notes	March 31, 2016	March 31, 2015
(₹ million)			
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	4	794.78	678.27
Reserves and surplus	5	4,840.42	1,087.05
Money received against warrants	6	500.00	-
		6,135.20	1,765.32
<b>Non-current liabilities</b>			
Long-term borrowings	7	7,033.37	9,022.46
Deferred tax liabilities (net)	38	-	-
Other non-current liabilities	8	2,027.72	761.30
Long-term provisions	9	38.89	32.47
		9,099.98	9,816.23
<b>Current liabilities</b>			
Short-term borrowings	10	722.00	344.10
Trade payables		-	-
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	11	2,164.60	2,197.98
Other current liabilities	8	6,740.48	5,472.64
Short-term provisions	9	1.46	1.17
		9,628.54	8,015.89
<b>Total</b>		<b>24,863.72</b>	<b>19,597.44</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	12	6,123.62	3,993.56
Intangible assets	13	811.64	626.67
Capital work-in-progress	12	3,344.00	1,166.74
Intangible assets under development	12	271.87	141.18
Non-current investments	14	3,860.01	2,480.77
Long-term loans and advances	15	170.90	1,077.11
Other non-current assets	16	761.56	627.49
		15,343.60	10,113.52
<b>Current assets</b>			
Current investments	17	8.04	8.04
Inventories	18	143.09	103.29
Trade receivables	19	4,085.76	3,511.85
Cash and bank balances	20	2,823.00	3,940.01
Short-term loans and advances	15	2,315.04	1,836.40
Other current assets	16	145.19	84.33
		9,520.12	9,483.92
<b>Total</b>		<b>24,863.72</b>	<b>19,597.44</b>
Summary of significant accounting policies	3		
The accompanying notes are an integral part of these financial statements.			

This is the balance sheet referred to in our report of even date.

For **Walker Chandio & Co LLP**  
(formerly Walker, Chandio & Co)  
Chartered Accountants

For and on behalf of the Board of Directors of  
SITI Cable Network Limited

per **Rajni Mundra**  
Partner

**V D Wadhwa**  
Executive Director and CEO  
DIN 00439684

**B K Syngal**  
Director  
DIN 00002395

Place : New Delhi  
Date : May 25, 2016

**Anil Jain**  
Head-Finance and accounts

**Suresh Kumar**  
Company Secretary  
M No ACS 14390

# STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2016

	Notes	March 31, 2016	March 31, 2015
(₹ million)			
<b>REVENUE</b>			
Revenue from operations	21	8,771.78	5,991.55
Other income	22	186.49	141.61
<b>Total revenue</b>		<b>8,958.27</b>	<b>6,133.16</b>
<b>EXPENSES</b>			
Cost of materials consumed	23	11.05	2.59
Purchases of traded goods	24	1,368.33	294.82
Carriage sharing, pay channel and related costs		3,663.96	3,327.03
Employee benefits expense	25	468.35	365.06
Finance costs	26	1,354.96	1,197.87
Depreciation and amortisation expenses	27	927.81	743.38
Other expenses	28	1,374.12	1,379.98
Total expenses		9,168.58	7,310.73
<b>Loss before prior period expenses</b>		<b>(210.31)</b>	<b>(1,177.57)</b>
Prior period expenses	47	21.76	-
<b>Loss before and after tax</b>		<b>(232.07)</b>	<b>(1,177.57)</b>
Loss per share after tax	29		
Basic		(0.34)	(1.91)
Diluted		(0.34)	(1.91)
Summary of significant accounting policies	3		

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

This is the statement of profit and loss referred to in our report of even date

For **Walker Chandio & Co LLP**  
(formerly Walker, Chandio & Co)  
Chartered AccountantsFor and on behalf of the Board of Directors of  
SITI Cable Network Limitedper **Rajni Mundra**  
Partner**V D Wadhwa**  
Executive Director and CEO  
DIN 00439684**B K Syngal**  
Director  
DIN 00002395Place : New Delhi  
Date : May 25, 2016**Anil Jain**  
Head-Finance and accounts**Suresh Kumar**  
Company Secretary  
M No ACS 14390

# CASH FLOW STATEMENT

for the year ended March 31, 2016

	Notes	March 31, 2016	March 31, 2015
(₹ million)			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss before tax		(232.07)	(1,177.57)
Depreciation and amortisation expenses		927.81	743.38
Profit on sale of fixed assets		(1.81)	-
Excess provision written back		(36.48)	(71.89)
Amortisation of ancillary borrowing costs		48.26	29.42
Provision for doubtful debts		206.93	102.89
Provision for doubtful advances		25.79	52.96
Unrealised foreign exchange loss		(6.40)	(33.57)
Interest expense		1,105.03	967.15
Interest income		(139.35)	(65.51)
Employee stock compensation expense		30.35	-
<b>Operating profit before working capital changes</b>		<b>1,928.06</b>	<b>547.26</b>
Movements in working capital :			
Increase in trade payables		3.09	707.07
Increase in long-term provisions		6.42	7.15
Increase in short-term provisions		0.29	0.07
Decrease in other non-current liabilities		(2.25)	(1.95)
Increase in other current liabilities		308.15	464.31
Increase in trade receivables		(780.83)	(634.33)
Increase in inventories		(39.80)	(43.42)
(Increase)/decrease in loans and advances and other current assets		(494.12)	643.64
<b>Cash generated from / (used in) operations</b>		<b>929.01</b>	<b>1,689.79</b>
Direct taxes (paid)/refunded (net)		(207.89)	19.92
<b>Net cash flow from operating activities (A)</b>		<b>721.12</b>	<b>1,709.71</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets including capital advance		(2,643.68)	(1,296.24)
Proceeds from sale of fixed assets		3.00	-
Purchase of non-current investments		(1,379.24)	(2,250.26)
Interest received		128.18	42.20
Investments in bank deposits (having original maturity of more than three months)		-	10.00
Advances to subsidiary companies (net)		871.70	312.82
<b>Net cash used in from investing activities (B)</b>		<b>(3,020.04)</b>	<b>(3,181.49)</b>



(₹ million)

	Notes	March 31, 2016	March 31, 2015
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of equity share capital		4,078.00	2,189.40
Proceeds from issuance of shares warrants		500.00	-
Proceeds from long-term borrowings		4,360.93	2,893.54
Repayment of long-term borrowings		(6,972.49)	(1,779.71)
Proceeds/(repayment) from short-term borrowings (net)		377.90	(129.77)
Interest and finance expenses paid		(1,162.43)	(1,018.25)
<b>Net cash flows from financing activities (C)</b>		<b>1,181.91</b>	<b>2,155.21</b>
<b>Net increase in cash and cash equivalents (A + B + C)</b>		<b>(1,117.01)</b>	<b>683.44</b>
Cash and cash equivalents at the beginning of the year		3,940.01	3,256.57
<b>Cash and cash equivalents at the end of the year</b>		<b>2,823.00</b>	<b>3,940.01</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>			
Cash on hand		31.34	31.95
Cheques on hand		1,148.57	342.34
With banks- on current account		134.09	1,371.70
Fixed deposit less than three months		1,509.00	2,194.02
<b>Total cash and cash equivalents (note 20)</b>		<b>2,823.00</b>	<b>3,940.01</b>
Summary of significant accounting policies (refer note 3)			

Notes:

1. Figures in bracket indicate cash outflow.

This is the cash flow statement referred to in our report of even date.

This is the cash flow statement referred to in our report of even date.

For **Walker Chandiook & Co LLP**  
(formerly Walker, Chandiook & Co)  
Chartered Accountants

For and on behalf of the Board of Directors of  
SITI Cable Network Limited

per **Rajni Mundra**  
Partner

**V D Wadhwa**  
Executive Director and CEO  
DIN 00439684

**B K Syngal**  
Director  
DIN 00002395

Place : New Delhi  
Date : May 25, 2016

**Anil Jain**  
Head-Finance and accounts

**Suresh Kumar**  
Company Secretary  
M No ACS 14390

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended March 31, 2016

## 1. CORPORATE INFORMATION

SITI Cable Network Limited (hereinafter referred to as 'the Company' or 'SCNL') was incorporated in the state of Maharashtra, India. The Company is engaged in distribution of television channels through analogue and digital cable distribution network, primary internet and allied services.

## 2. BASIS OF PREPARATION

The financial statements of the Company have been prepared and presented under the historical cost convention on the accrual basis of accounting following generally accepted accounting principles in India (Indian GAAP) and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and the provisions of the Act. The accounting policies have been consistently applied by the Company unless otherwise stated. All assets and liabilities have been classified as current or non-current, wherever applicable as per the operating cycle of the Company as per the guidance as set out in the Schedule III to the Act.

The Company continued to incur losses, during year ended March 31, 2016 but in view of the present positive net worth, expected substantial subscription revenue growth and continued financial support from certain stakeholders of the Company, the financial statements continue to be prepared on a going concern basis.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Use of estimates

In preparing the Company's financial statements in conformity with accounting principles generally accepted in India, the management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the

date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in the period in which the same is determined.

### b) Tangible fixed assets

- (i) Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises of the purchase price (net of Cenvat credit availed), borrowing costs if capitalisation criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.
- (ii) Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.
- (iii) Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.
- (iv) Set top boxes are treated as part of capital work in progress till at the end of the month of activation thereof.

### c) Depreciation on tangible fixed assets

- (i) Pursuant to the enactment of the Companies Act, 2013 (the 'Act'), the Company has, effective from April 01, 2014, reassessed the useful life of its fixed assets and has computed depreciation and amortisation with reference

to the useful life of assets as recommended in Schedule II of the Act.

Building	60
Plant and equipment	8
Furniture and fixtures	10
Studio equipment	13
Computers	3
Vehicles	8
Office equipment	5
Air conditioners	5
Set-top boxes	8
Integrated receiver and decoder (IRD) boxes	10

- (ii) Leasehold improvements are amortised over the lease term or estimated useful life; whichever is less.
- (iii) Plant and equipment taken over under scheme of arrangement in the earlier years are depreciated over the management's estimate of remaining useful life, a period of 5 years.

#### d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

#### e) Amortisation of intangible assets

- (i) Goodwill on acquisition is amortised using the straight-line method over a period of five years.
- (ii) Software are amortised over a period of six years on straight-line basis.
- (iii) Cost of news/ current affairs/ chat shows/ events including sports events etc. are fully expensed on first telecast.

- (iv) Program/ film/ cable rights are amortised on a straight-line basis over the license period or 60 months from the date of purchase, whichever is shorter.

#### f) Leases

##### Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule II to the Act, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule II to the Act.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

##### Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

**g) Borrowing costs**

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**h) Impairment of tangible and intangible assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and the same is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount

subject to a maximum of depreciated historical cost and the same is accordingly reversed in the statement of profit and loss.

**i) Investments**

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**j) Inventories**

Stores and spares are valued at cost on weighted average basis or at net realisable value whichever is lower.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**k) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to

the Company and the revenue can be reliably measured.

**(i) Sale of goods**

Revenue from sale of goods is recognised when the significant risks and rewards in respect of ownership of the goods are transferred to the buyer, usually on delivery of the goods and when no uncertainty exists regarding the amount of consideration that will be derived. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Revenue from high sea sales are being recognised on transfer of title of goods to the customer.

**(ii) Income from services**

Subscription income is recognised on completion of services and when no significant uncertainty exists regarding the amount of consideration that will be derived.

Other networking and management income and carriage income are recognised on accrual basis over the terms of related agreements and when no significant uncertainty exists regarding the amount of consideration that will be derived. Carriage revenue recognition is done basis negotiations/formal agreement with broadcasters.

Advertisement income is recognised when the related advertisement gets telecasted and when no significant uncertainty exists regarding the amount of consideration that will be derived. Other advertisement revenue for slot sale is recognised on period basis.

Activation and set top boxes pairing charges are recognised as revenue on pairing and transfer of the related boxes and when no significant uncertainty exists regarding the amount of consideration that will be derived.

The Company collects service tax, VAT and other applicable indirect taxes on behalf of the Government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

**(iii) Interest**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

**I) Foreign currency transactions**

**(i) Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**(ii) Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and the non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

### (iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Exchange difference arising on long-term foreign currency monetary items related to acquisition of fixed assets are capitalised and depreciated over the remaining useful life of assets.

Exchange difference arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Items Translation Difference Account" and amortised over the remaining life of concerned monetary items.

### m) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no other obligation, other than the contribution payable to the provident fund.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

"Accumulated leave, which is expected to be utilised within next twelve months, is treated

as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end."

Actuarial gains / losses are immediately recognised in the statement profit and loss and are not deferred.

### n) Income tax

"Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years."

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by

convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is recognised by way of a credit to the statement of profit and loss and presented as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

**o) Employees stock compensation cost**

Measurement and disclosure of the stock option granted under the Company's employee share-based payment plans is done in accordance with SEBI (Shared Based Employee Benefits) Regulation, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the

fair value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

**p) Segment reporting**

The Company is a multi system operator providing cable television network services, internet services and allied services which is considered as the only reportable segment. The Company's operations are based in India.

**q) Earning per share**

(i) Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

(ii) For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**r) Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best

estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**s) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in

extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

**t) Cash and cash equivalents**

Cash and Cash equivalents in the Cash Flow Statement comprise cash at bank and in hand, cheques in hand and short term investments with an original maturity of three months or less.

**u) Amortisation of borrowing cost**

Costs incurred in raising funds are amortised equally over the period for which the funds are raised.

## 4 SHARE CAPITAL

	(₹ million)	
	March 31, 2016	March 31, 2015
<b>Authorised share capital</b>		
1,290,000,000 (Previous year: 990,000,000) equity shares of ₹ 1 each	1,290.00	990.00
10,000,000 (Previous year: 10,000,000) preference shares of ₹ 1 each	10.00	10.00
<b>Total authorised capital</b>	<b>1,300.00</b>	<b>1,000.00</b>
<b>Issued share capital</b>		
795,374,543 (Previous year 678,860,258) equity shares of ₹ 1 each	795.37	678.86
Less:- Forfeited equity shares 1,227,123 (Previous year 1,227,123) equity shares of ₹ 1 each	(1.23)	(1.23)
23,436 (Previous year 23,436) 7.25% Non-cumulative redeemable preference shares of ₹ 1 each	0.02	0.02
<b>Total issued capital</b>	<b>794.16</b>	<b>677.65</b>
<b>Subscribed and fully paid up capital</b>		
794,147,420 (Previous year 677,633,135) equity shares of ₹ 1 each fully paid up	794.14	677.63
23,436 (Previous year 23,436) 7.25% Non-cumulative redeemable preference shares of ₹ 1 each fully paid up	0.02	0.02
<b>Total paid up capital</b>	<b>794.16</b>	<b>677.65</b>
Forfeited equity shares 1,227,123 (Previous year 1,227,123) equity shares of ₹ 1 each (excluding securities premium of ₹ 8.5 per share)	0.62	0.62
	<b>794.78</b>	<b>678.27</b>



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

(₹ million)

	March 31, 2016		March 31, 2015	
	No. of shares	₹ million	No. of shares	₹ million
<b>Equity shares</b>				
Balance at the beginning of the year	677,633,135	677.63	520,712,915	520.71
<b>Add:</b>				
Issued on conversion of warrants (refer note 4(f))	85,714,285	85.71	93,500,000	93.50
Issued on conversion of Optionally Fully Convertible Debentures (refer note 4(f))	30,800,000	30.80	-	-
Issued during the year	-	-	63,174,540	63.17
Issued on exercise of employee stock options	-	-	245,680	0.25
<b>Balance at the end of the year</b>	<b>794,147,420</b>	<b>794.14</b>	<b>677,633,135</b>	<b>677.63</b>

**Preference shares**

There is no movement in preference share capital in current year and previous year.

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

The Company has only one class of equity shares having par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share.

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

**(c) Terms/ rights attached to preference shares**

"The Company has only one class of 7.25% Non-cumulative redeemable preference shares of ₹ 1 each. The said preference shares were allotted to Zee Telefilms Limited (now Zee Entertainment Enterprises Limited) on December 29, 2006, pursuant

to the scheme of arrangement for demerger of cable business undertaking of Zee Telefilms Limited approved by the Hon'ble Bombay High Court vide its order dated November 17, 2006. Initially, as per the terms of the issue and allotment, the said preference shares were due for redemption on December 29, 2008. However, with the written consent/approval of Zee Entertainment Enterprises Limited, the terms of the issue of said preference shares was varied by extending the period of redemption by another three years i.e. till December 29, 2011. Later on June 6, 2011 these shares were transferred to Churu Enterprises LLP by Zee Entertainment Enterprises Limited. Period for redemption of preference shares has been extended by another period of five years till December 29, 2016 by Churu Enterprises LLP. The preference shares are redeemable at par. In the event of liquidation of the Company before redemption of preference shares, the holders of preference shares will have priority over equity shares in the payment of dividend and repayment of capital."

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

	March 31, 2016		March 31, 2015	
	No. of shares	% of holding	No. of shares	% of holding
<b>Preference shares</b>				
Churu Enterprises LLP	23,436	100%	23,436	100%
<b>Equity shares</b>				
Bioscope Cinemas Private Limited	50,670,529	6.38%	50,670,529	7.48%
Direct Media Solutions Private Limited	140,000,000	17.63%	140,000,000	20.66%
Essel International Limited	67,750,000	8.53%	67,750,000	10.00%
Essel Media Ventures Limited	116,431,000	14.66%	116,431,000	17.18%
Digital Satellite Holdings Private Limited	71,369,898	8.99%	71,369,898	10.53%
Direct Media and Cable Private Limited	85,714,285	10.79%	-	-

**(e) Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 32

**(f) Terms of securities convertible into equity shares issued along with earliest date of conversion.**

"During the year ended March 31, 2016, the Company has issued 142,857,142 warrants on preferential basis upon payment of a consideration of ₹ 35 per warrant. Each warrant is convertible into one equity share of ₹ 1 each at a premium of ₹ 34 per share. Holders of such warrants have an option to convert these warrants into equity shares upon payment of aforesaid consideration on or before eighteen months from the date of allotment of warrants viz February 19, 2016. During the year ended March 31, 2016, the Company has converted 85,714,285 warrants into equity shares resulting in increase of ₹ 85.71 million and ₹ 2,914.29 million in equity share capital and securities premium account respectively.

During the year ended March 31, 2016, the Company has issued 51,428,571 Optionally Fully Convertible Debenture ('OFCDs') on preferential basis upon payment of a consideration of ₹ 35 per OFCD. Each convertible OFCD is convertible into one equity share of ₹ 1 each at a premium of ₹ 34 per share. Holders

of such OFCDs have an option to convert these OFCDs into equity shares upon payment of aforesaid consideration on or before eighteen months from the date of allotment of OFCDs, viz. February 19, 2016. During the year ended March 31, 2016, 30,800,000 of OFCDs have been converted into equity shares pursuant to the exercise of option resulting in increase in equity share capital and securities premium account by ₹ 30.80 million and ₹ 1047.20 million respectively."

During the year ended March 31, 2013, the Company issued 162,000,000 convertible warrants on preferential basis upon payment of a consideration of ₹ 20 per warrant. Each convertible warrant was convertible into one equity share of ₹ 1 each at a premium of ₹ 19 per share. Holders of such warrants had the option to convert these warrants into equity shares upon payment of aforesaid consideration on or before eighteen months from the date of allotment of warrants, viz. March 19, 2013. During the year ended March 31, 2014 and March 31, 2015, 68,500,000 and 93,500,000 equity shares respectively had been allotted pursuant to the exercise of option.

**(g)** No shares were issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issue or brought back during the last five years.

## 5 RESERVES AND SURPLUS

	(₹ million)	
	March 31, 2016	March 31, 2015
<b>Foreign currency monetary item translation difference account</b>		
Balance at beginning of the year	(54.62)	(21.05)
Add: Recognised during the year	(67.73)	(76.88)
Less: Amortised during the year	(61.33)	(43.31)
Balance at the end of the year	(61.02)	(54.62)
<b>Securities premium account</b>		
Balance at the beginning of the year	9,405.65	5,501.57
Add: Received on issue of equity shares on conversion of Warrants and OFCDs (refer note 4(f))	3,961.49	3,930.21
Less: Adjustment of expenses incurred on issue of equity shares	-	26.13
Balance at the end of the year	13,367.14	9,405.65
<b>Employee Stock Option Reserve</b>		
Balance at the beginning of the year	-	-
Add: Shares based payment expenses	30.35	-
Balance at the end of the year	30.35	-
<b>General Reserve</b>		
Balance at the beginning of the year	3.23	-
Add: Transferred from employee stock option reserve	-	3.23
Balance at the end of the year	3.23	3.23
<b>Deficit in the Statement of profit and loss</b>		
Balance at the beginning of the year	(8,267.21)	(7,072.90)
Add: Adjustment on account of depreciation charge pursuant to implementation of Schedule II of the Companies Act, 2013 (refer note 12(ii))	-	(16.74)
Add: Loss for the year	(232.07)	(1,177.57)
Balance at the end of the year	(8,499.28)	(8,267.21)
	<b>4,840.42</b>	<b>1,087.05</b>

## 6 MONEY RECEIVED AGAINST WARRANTS

	(₹ million)	
	March 31, 2016	March 31, 2015
Also refer note 43	500.00	-

## 7 LONG-TERM BORROWINGS

(₹ million)

	Non-current		Current	
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
<b>(a) Term loans from banks (Secured)</b>				
Term loans	5,045.59	2812.16	6,938.63	1479.00
Buyer's credits	1,987.00	673.16	2,082.84	2628.32
Finance lease obligations	0.78	0.69	0.99	1.16
	7,033.37	3,486.01	9,022.46	4,108.48
<b>The above amount includes</b>				
Secured borrowings	7,033.37	3,486.01	9,022.46	4,108.48
Amount disclosed under the head "other current liabilities" (Note 8)	-	(3,486.01)	-	(4,108.48)
<b>Net amount</b>	<b>7,033.37</b>	<b>-</b>	<b>9,022.46</b>	<b>-</b>

## 8 OTHER LIABILITIES

(₹ million)

	Non-current		Current	
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
Current maturities of long-term borrowings (Refer note 7)	-	3,485.32	-	4,107.32
Current maturities of finance lease obligations (Refer note 7)	-	0.69	-	1.16
Interest accrued but not due on borrowings	-	22.77	-	32.60
Book overdraft	-	620.98	-	170.24
Advances from customers	-	68.08	-	112.24
Creditors for capital goods	1,985.83	2,090.80	717.17	498.80
Others				
Interest free deposits from customers	41.89	-	44.13	-
Payable for statutory liabilities (refer note 8 (i) below)	-	451.84	-	550.28
	<b>2,027.72</b>	<b>6,740.48</b>	<b>761.30</b>	<b>5,472.64</b>

Note (i) During the year ended March 31, 2016, based on external legal opinion obtained by the Company in connection with the primary obligation of local cable operators for payment of entertainment tax to Government and undertakings/declarations submitted by the local cable operators for making payments of such dues thereon for certain states, the entertainment tax dues appearing as payable in the books of account have been accounted as discharged by the Company which aggregate ₹ 373.40 million (previous year ₹ Nil).

## 9 PROVISIONS

(₹ million)

	Long-term		Short-term	
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
<b>Provision for employee benefits (Refer Note 31)</b>				
Provision for gratuity	21.84	0.79	20.51	0.69
Provision for compensated absences	17.05	0.67	11.96	0.48
	<b>38.89</b>	<b>1.46</b>	<b>32.47</b>	<b>1.17</b>

(₹ million)

Nature of loan	March 31, 2016		March 31, 2015		Nature of securities	Interest rate	Tenure of repayment
	Non-current	Current	Non-current	Current			
<b>Term loan</b>							
1	-	-	-	150.00	Term loans from banks are secured by first pari passu charge on entire movable fixed assets, both present and future, of the Company and on the receivables, cash flow and bank account of the Company. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter of the interest and principal repayment to be funded ten days before each due date, for the entire tenure of the loan.	Base rate+1.20%	Nil (Previous year two) quarterly installments payable as per the terms of underlying agreement
2	-	-	337.50	187.50	Term loans from banks are secured by first pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of the Company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of the Company's current assets. Also secured by corporate guarantee of an associated company for maintenance of debt service reserve account (DSRA) for 2 quarters' interest.	Base rate+1.20%	Nil (Previous year ten) quarterly installments payable as per the terms of underlying agreement
3	-	-	350.00	150.00	Term loans from bank are secured by first charge by way of hypothecation of the Company's entire current assets which would include stocks and consumable stores and spares and such other movable properties including book debts, receivables both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other banks/ lenders. First charge on all moveable fixed assets of the Company, cash flow and bank account of the Company ranking pari passu with other banks/lenders. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter of the interest and principal repayment to be funded 10 days before each due date, for the entire tenure of the loan.	Base rate+1.20%	Nil (Previous year three) quarterly installments payable as per the terms of underlying agreement
4	1,000.00	-	1,000.00	-		Base rate+1.20%	Eight (previous year eight) half yearly installments payable as per the terms of underlying agreement
5	700.00	-	700.00	-		Base rate+1.20%	Eight (previous year eight) half yearly installments payable as per the terms of underlying agreement
6	165.00	190.00	355.00	135.00	Term loans from bank are secured by first charge by way of hypothecation of the Company's entire current assets which would include stocks and consumable stores and spares and such other movable properties including book debts, receivables both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other banks/ lenders. First charge on all moveable fixed assets of the Company, cash flow and bank account of the Company ranking pari passu with other banks/lenders. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter of the interest and principal repayment to be funded 10 days before each due date, for the entire tenure of the loan.	Base rate+2.50%	Seven (Previous year eleven) quarterly installments payable as per the terms of underlying agreement
7	1,143.75	101.25	1,115.00	-	Term loans from bank are secured by first charge by way of hypothecation of the Company's entire current assets which would include stocks and consumable stores and spares and such other movable properties including book debts, receivables both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other banks/ lenders. First charge on all moveable fixed assets of the Company, cash flow and bank account of the Company ranking pari passu with other banks/lenders. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter of the interest and principal repayment to be funded 10 days before each due date, for the entire tenure of the loan.	Base rate+2.50%	Twelve (Previous year twelve) quarterly installments payable as per the terms of underlying agreement
8	974.34	2,208.41	1,643.63	794.00	Term loans from bank are secured by first charge by way of hypothecation of the Company's entire current assets which would include stocks and consumable stores and spares and such other movable properties including book debts, receivables both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other banks/ lenders. First charge on all moveable fixed assets of the Company, cash flow and bank account of the Company ranking pari passu with other banks/lenders. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter of the interest and principal repayment to be funded 10 days before each due date, for the entire tenure of the loan.	Base rate+2.10%	"Repayment plan for each term loan: I. Four (Previous year eight) quarterly installments payable as per the terms of underlying agreement II. Seven (Previous year eleven) quarterly installments payable as per the terms of underlying agreement III Eight (Previous year twelve) quarterly installments payable as per the terms of underlying agreement IV Two (Previous year four) quarterly installments payable as per the terms of underlying agreement V Three (Previous year four) quarterly installments as per the terms of underlying agreement VI Four (Previous year four) quarterly installments payable as per the terms of underlying agreement"
9	625.00	250.00	937.50	62.50	Term loans from bank are secured by first charge by way of hypothecation of the Company's entire current assets which would include stocks and consumable stores and spares and such other movable properties including book debts, receivables both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other banks/ lenders. First charge on all moveable fixed assets of the Company, cash flow and bank account of the Company ranking pari passu with other banks/lenders. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter of the interest and principal repayment to be funded 10 days before each due date, for the entire tenure of the loan.	Base rate+0.45%	Fourteen (Previous year sixteen) quarterly installments payable as per the terms of underlying agreement

(₹ million)

Nature of loan	March 31, 2016		March 31, 2015		Nature of securities	Interest rate	Tenure of repayment
10	437.50	62.50	500.00	-	Term loans from bank are secured by pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of the Company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of the Company's current assets. Also secured by corporate guarantee of an associated company for maintenance of debt service reserve account (DSRA) for 1 quarters' interest.	Base rate+0.45%	Sixteen (Previous year sixteen) quarterly installments payable as per the terms of underlying agreement
<b>Sub total</b>	<b>5,045.59</b>	<b>2,812.16</b>	<b>6,938.63</b>	<b>1,479.00</b>			
<b>Buyer's credits</b>							
1	-	-	932.91	-	Buyer's credit from bank are secured by pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of the Company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of the company's current assets. Also secured by corporate guarantee of an associated company for maintenance of debt service reserve account (DSRA) for 2 quarters' interest.	Six months LIBOR+90 bps	Repayment at the end of tenure.
2	-	258.60	587.35	1,843.56	Buyer's credit from bank are secured by first charge by way of hypothecation of the Company's entire current assets which would include stocks and consumable stores and spares and such other movable properties including book debts, receivables both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other banks/ lenders. First charge on all moveable fixed assets of the Company, cash flow and bank account of the Company ranking pari passu with other banks/lenders. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter of the interest and principal repayment to be funded 10 days before each due date, for the entire tenure of the loan.	Six months LIBOR+350 bps	Repayable at the end of tenure.
3	596.95	251.43	263.25	784.76	Buyer's credit from bank are secured by pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of the Company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of the Company's current assets. Also secured by corporate guarantee of an associated company for maintenance of debt service reserve account (DSRA) for 1 quarters' interest.	Six months LIBOR+335 bps	Repayable at the end of tenure.
4	1,390.05	163.13	299.33	-	Buyer's credit from bank are secured by pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of the Company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of the Company's current assets. Also secured by corporate guarantee of an associated company for maintenance of debt service reserve account (DSRA) for 2 quarters' interest.	Six months LIBOR+100 bps	Repayable at the end of tenure.
<b>Sub total</b>	<b>1987.00</b>	<b>673.16</b>	<b>2082.84</b>	<b>2628.32</b>			
Finance lease obligations	0.78	0.69	0.99	1.16	Finance lease obligations - Secured by hypothecation of vehicles purchased thereunder.		

**10 SHORT-TERM BORROWINGS**

	(₹ million)	
	March 31, 2016	March 31, 2015
<b>Secured</b>		
Loans repayable on demand from banks	-	344.10
<b>Unsecured</b>		
Optionally fully convertible debenture from promoter group company	722.00	-
	<b>722.00</b>	<b>344.10</b>

**Details of security**

The Company had short term borrowings from banks in the previous year, the detail of securities are as under :

- i) Secured by first pari passu charge on the fixed assets and current assets of the Company. The Company is required to maintain debt service reserve account (DSRA) for 2 quarters' interest. All the loans are further secured by corporate guarantee of an associate to maintain DSRA and carries an interest rate of Base rate +3%.
- ii) Secured by first pari passu charge on the future and current assets of the Company with minimum assets cover ratio 1.1 for IVBL facilities. The Company is required to maintain debt service reserve account (DSRA) for 1 quarters' interest. All the loans are further secured by corporate guarantee of an associate to maintain DSRA and carries an interest rate of Base rate +1.95%.

The Company has short term borrowings from promoter group company (refer note 34(i) the detail is as under :

- iii) During the year ended March 31, 2016, the Company has allotted 51,428,571 Optionally Fully Convertible Debentures ("OFCDs") on preferential basis upon payment of a consideration of ₹ 35 per OFCD. Each OFCD is convertible within a period of eighteen months into one equity share of ₹ 1 each at a premium of ₹ 34 per share. Out of these, on exercise of option by OFCDs holder, the Company has converted 30,800,000 OFCDs into equity shares and balance OFCDs are yet to be converted into equity shares. All OFCDs are unsecured and interest free."

## 11 TRADE PAYABLES

(₹ million)

	March 31, 2016	March 31, 2015
- Total outstanding dues of micro enterprises and small enterprises; and	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	2,164.60	2,197.98
	<b>2,164.60</b>	<b>2,197.98</b>

Dues to micro and small enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006

(₹ million)

	March 31, 2016	March 31, 2015
Principle amount remaining unpaid	-	-
Interest due thereon	-	-
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the period	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid	-	-
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 section 23 of the MSMED Act, 2006	-	-
	-	-

\*The details of amounts outstanding to micro and small enterprises under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006 are as per available information with the Company.

## 12 TANGIBLE ASSETS

(₹ million)

Gross block	Building	Plant and equipment	Computers	Office equipment	Furniture and fixtures	Air conditioners	Studio equipment	Vehicles	Leasehold improvements	Set top boxes	IRD boxes	Total
Balance as at April 1, 2014	26.96	2,284.87	85.64	28.14	19.80	14.15	32.08	14.95	53.62	3,406.03	1.26	5,967.50
Additions	-	274.48	4.37	0.53	0.44	0.61	1.39	-	-	1,155.16	-	1,436.98
<b>Balance as at March 31, 2015</b>	<b>26.96</b>	<b>2,559.35</b>	<b>90.01</b>	<b>28.67</b>	<b>20.24</b>	<b>14.76</b>	<b>33.47</b>	<b>14.95</b>	<b>53.62</b>	<b>4,561.19</b>	<b>1.26</b>	<b>7,404.48</b>
Additions	-	684.76	6.62	3.98	0.30	0.38	0.00	-	-	2,222.11	-	2,918.15
Disposal	1.65	-	-	-	-	-	-	-	-	-	-	1.65
<b>Balance as at March 31, 2016</b>	<b>25.31</b>	<b>3,244.11</b>	<b>96.63</b>	<b>32.65</b>	<b>20.54</b>	<b>15.14</b>	<b>33.47</b>	<b>14.95</b>	<b>53.62</b>	<b>6,783.30</b>	<b>1.26</b>	<b>10,320.98</b>
<b>Accumulated depreciation</b>												
Balance as at April 1, 2014	7.66	1,617.44	74.01	12.20	13.28	6.19	23.23	7.56	35.53	921.28	0.66	2,719.04
Adjustment from opening reserve (refer note 2 given below)	-	-	1.95	9.61	0.18	4.48	0.32	0.20	-	-	-	16.74
Charge for the year	0.42	209.63	2.95	2.32	0.92	0.73	1.48	2.03	7.07	447.59	-	675.14
<b>Balance as at March 31, 2015</b>	<b>8.08</b>	<b>1,827.07</b>	<b>78.91</b>	<b>24.13</b>	<b>14.38</b>	<b>11.40</b>	<b>25.03</b>	<b>9.79</b>	<b>42.60</b>	<b>1,368.87</b>	<b>0.66</b>	<b>3,410.92</b>
Charge for the year	0.41	154.60	4.90	1.72	0.42	0.58	0.60	1.03	3.06	619.58	-	786.90
Reversal on disposal of assets	0.46	-	-	-	-	-	-	-	-	-	-	0.46
<b>Balance as at March 31, 2016</b>	<b>8.03</b>	<b>1,981.67</b>	<b>83.81</b>	<b>25.85</b>	<b>14.80</b>	<b>11.98</b>	<b>25.63</b>	<b>10.82</b>	<b>45.66</b>	<b>1,988.45</b>	<b>0.66</b>	<b>4,197.36</b>
<b>Net block</b>												
<b>Balance as at March 31, 2015</b>	<b>18.88</b>	<b>732.27</b>	<b>11.10</b>	<b>4.53</b>	<b>5.86</b>	<b>3.36</b>	<b>8.45</b>	<b>5.16</b>	<b>11.02</b>	<b>3,192.32</b>	<b>0.60</b>	<b>3,993.56</b>
<b>Balance as at March 31, 2016</b>	<b>17.28</b>	<b>1,262.44</b>	<b>12.82</b>	<b>6.80</b>	<b>5.74</b>	<b>3.16</b>	<b>7.84</b>	<b>4.13</b>	<b>7.96</b>	<b>4,794.85</b>	<b>0.60</b>	<b>6,123.62</b>

Note:- i) The Company has exercised the option available under paragraph 46 A of Accounting Standard-11 "The Effects of Changes in Foreign Exchange Rates" accordingly during the current year, foreign exchange loss of ₹ 168.65 million (previous year ₹127.84 million) has been added to the gross block of set top boxes and ₹ 3.55 million (previous year ₹ Nil million) has been added to capital work in progress.

ii) During the previous year, the Company had revised the useful lives of its fixed assets to comply with the requirements as mentioned under Schedule II of the Companies Act, 2013. Accordingly, the depreciation expense for year ended March 31, 2015 was higher by ₹ 98.4 million. Similarly, in case of fixed assets whose life had been completed as on March 31, 2014, value (net of residual value) of those assets amounting of ₹ 16.74 million had been the adjusted with the opening balances of retained earnings i.e. deficit in statement of profit and loss.

iii) Capital work-in-progress and intangible assets under development include set top boxes, viewing cards (softwares) and plant and equipment amounting to ₹ 3,081.29 million, ₹ 271.87 million and ₹ 262.70 million respectively (previous year ₹ 1,025.05 million, ₹ 141.18 million and ₹ 141.69 million respectively) which are yet to be installed.



### 13 INTANGIBLE ASSETS

	(₹ million)			
<b>Gross block</b>	Goodwill	Program/ film/ cable rights	Software	Total
Balance as at April 1, 2014	11.31	50.35	388.48	450.14
Additions	-	-	441.66	441.66
<b>Balance as at March 31, 2015</b>	<b>11.31</b>	<b>50.35</b>	<b>830.14</b>	<b>891.80</b>
Additions			325.88	325.88
<b>Balance as at March 31, 2016</b>	<b>11.31</b>	<b>50.35</b>	<b>1,156.02</b>	<b>1,217.68</b>
<b>Accumulated amortisation</b>				
<b>Balance as at April 1, 2014</b>	10.74	49.49	136.66	196.89
Charge for the year	-	-	68.24	68.24
<b>Balance as at March 31, 2015</b>	10.74	49.49	204.90	265.13
Charge for the year	-	-	140.91	140.91
<b>Balance as at March 31, 2016</b>	<b>10.74</b>	<b>49.49</b>	<b>345.81</b>	<b>406.04</b>
Net block				
<b>Balance as at March 31, 2015</b>	0.57	0.86	625.24	626.67
<b>Balance as at March 31, 2016</b>	<b>0.57</b>	<b>0.86</b>	<b>810.21</b>	<b>811.64</b>

### 14 NON-CURRENT INVESTMENTS (TRADE, UNQUOTED) LONG TERM INVESTMENTS

(Valued at cost unless stated otherwise)

	(₹ million)	
	March 31, 2016	March 31, 2015
<b>Investment in equity instruments-subsiaries</b>		
51,831,000 (Previous year 51,831,000) equity shares of ₹ 10 each fully paid up of Indian Cable Net Company Limited	2,361.15	2,361.15
50,000 (Previous year 50,000) equity shares of ₹ 10 each fully paid up of Central Bombay Cable Network Limited	0.50	0.50
25,500 (Previous year 25,500) equity shares of ₹ 10 each fully paid up of Wire and Wireless Tisai Satellite Limited	0.26	0.26
753,587 (Previous year 753,587) equity shares of ₹ 10 each fully paid up of Siti Vision Digital Media Private Limited	82.38	82.38
10,000 (Previous year 10,000) equity shares of ₹ 10 each fully paid up of Siticable Broadband South Limited	0.10	0.10
10,409 (Previous year 10,409) equity shares of ₹ 10 each fully paid up of Siti Bhatia Network Entertainment Private Limited	0.10	0.10
5,100 (Previous year 5,100) equity shares of ₹ 10 each fully paid up of Siti Jai Maa Durgee Communications Private Limited	16.83	16.83
102,000 (Previous year 102,000) equity shares of ₹ 10 each fully paid up of Siti Jind Digital Media Communications Private Limited	18.98	18.98
5,100 (Previous year 5,100) equity shares of ₹ 10 each fully paid up of Siti Jony Digital Cable Network Private Limited	0.05	0.05
5,100 (Previous year 5,100) equity shares of ₹ 10 each fully paid up of Siti Krishna Digital Media Private Limited	0.05	0.05

## 14 NON-CURRENT INVESTMENTS (TRADE, UNQUOTED) LONG TERM INVESTMENTS (Valued at cost unless stated otherwise) (Contd.)

	(₹ million)	
	March 31, 2016	March 31, 2015
7,400 (Previous year 7,400) equity shares of ₹ 10 each fully paid up of Siti Guntur Digital Network Private Limited	0.07	0.07
5,100 (Previous year 5,100) equity shares of ₹ 10 each fully paid up of Siti Faction Digital Private Limited	0.05	0.05
5,100 (Previous year 5,100) equity shares of ₹ 10 each fully paid up of Siti Global Private Limited	0.05	0.05
10,000 (Previous year 10,000) equity shares of ₹ 10 each fully paid up of Siti Broadband Services Private Limited	0.10	0.10
5,100 (Previous year 5,100) equity shares of ₹ 10 each fully paid up of Siti Karnal Digital Media Network Private Limited	0.05	0.05
5,100 (Previous year 5,100) equity shares of ₹ 10 each fully paid up of Siti Siri Digital Network Private Limited	0.05	0.05
10,200 (Previous year Nil) equity shares of ₹ 10 each fully paid up of Siti Prime Uttaranchal Communication Private Limited	24.99	-
5,100 (Previous year Nil) equity shares of ₹ 10 each fully paid up of Saistar Digitalmedia Private Limited	0.05	-
5,100 (Previous year Nil) equity shares of ₹ 10 each fully paid up of Panchsheel Digital Communication Network Private Limited	0.05	-
5,100 (Previous year Nil) equity shares of ₹ 10 each fully paid up of Bargachh Digital Communication Network Private Limited	0.05	-
1,000 (Previous year Nil) equity shares of ₹ 100 each fully paid up of Variety Entertainment Private Limited	7.50	-
<b>Investment in debenture-subsiaries</b>		
744,900,000 (Previous year Nil) Optionally Convettible Debenture of ₹ 1 each fully paid up of Siti Siri Digital Network Private Limited	744.90	-
231,300,000 (Previous year Nil) Optionally Convettible Debenture of ₹ 1 each fully paid up of Saistar Digitalmedia Private Limited	231.30	-
234,000,000 (Previous year Nil) Optionally Convettible Debenture of ₹ 1 each fully paid up of Variety Entertainment Private Limited	234.00	-
136,400,000 (Previous year Nil) Optionally Convettible Debenture of ₹ 1 each fully paid up of Siti Broadband Services Private Limited	136.40	-
	<b>3,860.01</b>	<b>2,480.77</b>

**14 NON-CURRENT INVESTMENTS (TRADE, UNQUOTED) LONG TERM INVESTMENTS**

(Valued at cost unless stated otherwise) (Contd.)

	(₹ million)	
	March 31, 2016	March 31, 2015
<b>Investment in equity instruments-others</b>		
480 (Previous year 480) equity shares of ₹ 100 each fully paid up of Master Ads Private Limited	0.05	0.05
9,500 (Previous year 9,500) equity shares of ₹10 each fully paid up of Dakshin Communications Private Limited	1.77	1.77
3,000 (Previous year 3,000) equity shares of ₹10 each fully paid up of Centre Channel Private Limited	0.23	0.23
	2.05	2.05
Less : Provision for diminution in the value of investments	2.05	2.05
	-	-
<b>Investment in preference shares</b>		
14,080 (previous year 14,080) 6% Non-cumulative redeemable preference shares of ₹ 100 each fully paid up of		
Haryana Communications Network Private Limited	7.04	7.04
Less : Provision for diminution in the value of investments	7.04	7.04
	-	-
	<b>3,860.01</b>	<b>2,480.77</b>
Aggregate amount of unquoted investments	3,869.10	2,489.86
Aggregate amount of provision for diminution in the value of investments	9.09	9.09

In addition to the above, the Company holds certain 6% Non-cumulative redeemable preference shares of ₹ 100 each fully paid up in a few companies which have been completely written off against provision for diminution in value of investments in earlier years.

## 15 LOANS AND ADVANCES

(₹ million)

	Long-term March 31, 2016	Short-term March 31, 2016	Long-term March 31, 2015	Short-term March 31, 2015
<b>Capital advances</b>				
Unsecured, considered good	34.32	-	81.94	-
	34.32	-	81.94	-
<b>Security deposits</b>				
Unsecured, considered good	133.65	-	118.54	-
Doubtful	2.81	-	2.81	-
	136.46	-	121.35	-
Less: Provision for doubtful security deposits	2.81	-	2.81	-
	133.65	-	118.54	-
<b>Advances to related parties unsecured, considered good (refer note 34)</b>				
<b>Advances recoverable in cash or kind</b>				
Unsecured, considered good				
Other advances	2.93	578.03	4.93	711.34
<b>Doubtful</b>				
Advances to distribution companies	-	635.06	-	609.27
Less: Provision for doubtful advances	-	635.06	-	609.27
	2.93	578.03	4.93	711.34
<b>Other loans and advances (Unsecured, considered good)</b>				
Advance tax	-	519.00	-	311.12
Balances with statutory authorities	-	410.69	-	357.64
Prepaid expenses	-	8.12	-	5.85
	-	937.81	-	674.61
	<b>170.90</b>	<b>2,315.04</b>	<b>1,077.11</b>	<b>1,836.40</b>

## 16 OTHER ASSETS (UNSECURED, CONSIDERED GOOD)

(₹ million)

	Non-current March 31, 2016	Current March 31, 2016	Non-current March 31, 2015	Current March 31, 2015
Non-current bank deposits (refer note 20)	708.40	-	572.09	-
	708.40	-	572.09	-
<b>Unamortised expenditure</b>				
Ancillary cost of arranging for borrowings	53.16	31.15	55.40	29.61
	53.16	31.15	55.40	29.61
<b>Others</b>				
Interest accrued and not due on fixed deposits	-	52.58	-	41.41
Unbilled revenue	-	61.46	-	13.32
	-	114.04	-	54.73
	<b>761.56</b>	<b>145.19</b>	<b>627.49</b>	<b>84.33</b>

**17 CURRENT INVESTMENTS (NON TRADE, QUOTED)**

(Valued at lower of cost or fair value)

	(₹ million)	
	March 31, 2016	March 31, 2015
<b>Investments in mutual funds</b>		
250,404 (Previous year 250,404) units of face value of ₹ 10 each of ICICI Prudential Flexible Income Premium Growth	2.54	2.54
3,176 (Previous year 3,176) units of face value of ₹ 100 each of Taurus Short Term Income Fund - Growth Plan	5.50	5.50
	8.04	8.04
Aggregate amount of Quoted investment	8.04	8.04
Market value of quoted investment	12.56	11.61

**18 INVENTORIES**

(Valued at lower of cost or net realisable value)

	(₹ million)	
	March 31, 2016	March 31, 2015
Stores and spares	143.09	103.29
	143.09	103.29

**19 TRADE RECEIVABLES**

	(₹ million)	
	March 31, 2016	March 31, 2015
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	1,938.86	1,678.92
Unsecured, considered doubtful	815.01	725.78
	2,753.87	2,404.70
Less: Provision for doubtful debts	815.01	725.78
	1,938.86	1,678.92
<b>Other receivables</b>		
Unsecured, considered good	2,146.90	1,832.93
	<b>4,085.76</b>	<b>3,511.85</b>

Note:

i) During the current year, the Company has assigned and transferred specific accounts receivable balances amounting to ₹ 441.03 million (previous year ₹ Nil) to its wholly owned subsidiary company as per the terms of the underlying agreement.

## 20 CASH AND BANK BALANCES

(₹ million)

	Non-current March 31, 2016	Current March 31, 2016	Non-current March 31, 2015	Current March 31, 2015
<b>Cash and cash equivalents</b>				
Cash on hand	-	31.34	-	31.95
Cheques on hand	-	1,148.57	-	342.34
Balances with banks				
On current accounts	-	134.09	-	1,371.70
In deposit account (with maturity upto three months)	-	1,509.00	-	2,194.02
	-	2,823.00	-	3,940.01
<b>Other bank balances</b>				
Margin money deposit (pledged) and deposit with statutory authorities	708.40	-	572.09	-
Bank deposit with maturity upto twelve months	-	-	-	-
	708.40	-	572.09	-
Amount disclosed under non-current assets (note 16)	(708.40)	-	(572.09)	-
	-	<b>2,823.00</b>	-	<b>3,940.01</b>

## 21 REVENUE FROM OPERATIONS

(₹ million)

	March 31, 2016	March 31, 2015
Sale of services		
Subscription income	3,560.44	3,626.76
Advertisement income	123.75	78.76
Carriage income	1,583.51	1,496.04
Activation and Set top boxes pairing charges	1,127.12	293.04
Other operating revenue		
Sale of traded goods*	1,409.57	319.89
Other networking and management income	966.00	176.75
Scrap sales	1.39	0.31
	<b>8,771.78</b>	<b>5,991.55</b>
<b>* Details of sale of traded goods</b>		
Set top box and viewing cards	1,395.69	316.47
Store and spares	13.88	3.42
	<b>1,409.57</b>	<b>319.89</b>

**22 OTHER INCOME**

	(₹ million)	
	March 31, 2016	March 31, 2015
Interest income on		
Bank deposits	126.90	58.85
Others	12.45	6.66
Excess provisions written back	36.48	71.89
Profit on sale of fixed assets	1.81	-
Other non-operating income	8.85	4.21
	<b>186.49</b>	<b>141.61</b>

**23 COST OF MATERIALS CONSUMED-STORES AND SPARES**

	(₹ million)	
	March 31, 2016	March 31, 2015
Opening stock	103.30	59.88
	103.30	59.88
Add : Purchases during the year	50.84	46.01
	50.84	46.01
Less : Closing stock	143.09	103.30
	143.09	103.30
	<b>11.05</b>	<b>2.59</b>

**24 PURCHASES OF TRADED GOODS**

	(₹ million)	
	March 31, 2016	March 31, 2015
Set top boxes	1,250.56	262.27
Viewing cards	117.77	32.55
	<b>1,368.33</b>	<b>294.82</b>

**25 EMPLOYEE BENEFITS EXPENSE**

	(₹ million)	
	March 31, 2016	March 31, 2015
Salaries, allowances and bonus	425.88	316.96
Contributions to provident and other funds	25.83	18.32
Staff welfare expenses	16.64	29.78
	<b>468.35</b>	<b>365.06</b>

**26 FINANCE COSTS**

	(₹ million)	
	March 31, 2016	March 31, 2015
Interest	1,105.03	967.15
Bank charges	201.67	201.30
Amortisation of borrowing and ancillary costs	48.26	29.42
	<b>1,354.96</b>	<b>1,197.87</b>

## 27 DEPRECIATION AND AMORTISATION EXPENSES

(₹ million)

	March 31, 2016	March 31, 2015
Depreciation of tangible assets (Refer note 12)	786.90	675.14
Amortisation of intangible assets (Refer note 13)	140.91	68.24
	<b>927.81</b>	<b>743.38</b>

## 28 OTHER EXPENSES

(₹ million)

	March 31, 2016	March 31, 2015
Rent	96.03	75.78
Rates and taxes	23.83	11.08
Communication expenses	16.98	12.70
Repairs and maintenance		
- Network	13.56	32.34
- Building	0.70	0.33
- Others	13.22	8.03
Electricity and water charges	30.77	26.51
Legal, professional and consultancy charges	77.68	48.78
Printing and stationery	6.84	4.18
Service charges	217.70	108.22
Travelling and conveyance expenses	39.29	31.75
Auditors' remuneration*	5.87	7.32
Vehicle expenses	10.06	13.95
Insurance expenses	3.63	2.97
Provision for doubtful debts**	206.93	102.89
Provision for doubtful advances	25.79	52.96
Advertisement and publicity expenses	6.44	46.49
Commission charges and incentives	124.44	123.03
Bad debts	6.36	208.55
Program production expenses	29.38	15.10
Other operational cost	351.80	385.74
Business and sales promotion	18.28	18.09
Exchange fluctuation loss (net)	5.80	14.04
Miscellaneous expenses	42.74	29.13
	<b>1,374.12</b>	<b>1,379.98</b>
*Auditors' remuneration		
as an auditor	5.70	3.80
for other services (certifications)	0.03	3.18
for reimbursement of expenses	0.14	0.34
	<b>5.87</b>	<b>7.32</b>

\*\* Provision for doubtful debts is net of write-back of liability in relation to specifically corresponding revenue sharing costs aggregating ₹ 20.52 million (Previous year ₹ 24.95 million).



**29 EARNINGS PER SHARE**

	(₹ million)	
	March 31, 2016	March 31, 2015
Loss attributable to equity shareholders	(232.07)	(1,177.57)
Number of weighted average equity shares		
Basic	691,866,629	617,952,314
Diluted	691,866,629	617,952,314
Effect of dilutive potential equity shares~		
Employee stock options	15,412	-
Warrants	1,643,836	-
Optionally fully convertible debentures	2,373,699	-
Nominal value of per equity share (₹)	1	1
Loss per share after tax (₹)		
Basic	(0.34)	(1.91)
Diluted	(0.34)	(1.91)

~Effect of potential equity shares being anti-dilutive has not been considered while calculating diluted weighted average equity shares and earnings per share.

**30** In view of the mandatory digital addressable system ('DAS') regulation announced by the Government of India, digitisation of cable networks has been implemented in Phase 1, Phase 2 and Phase 3 cities effective November 1, 2012, April 1, 2013 and January 1, 2016 respectively. Owing to the initial delays in implementation of DAS in Phase 1, Phase 2 and Phase 3 cities and challenges faced by all the Multi-System Operators (MSOs) during transition from analogue business to DAS, the Company is in the process of implementation of revenue sharing contracts entered into with the local cable operators (LCOs). Accordingly, the Company has invoiced LCOs/subscribers and recognised subscription revenue under the new DAS regime amounting to ₹ 1,064.35 million (previous year ₹ 529 million) for year ended March 31, 2016, based on certain estimates (net basis) derived from market trends and ongoing discussion with the LCOs. Management is of the view that the execution /implementation of such contracts will not have a significant impact on the subscription revenue.

**31 GRATUITY AND OTHER EMPLOYMENT BENEFIT PLANS****Defined contribution plan**

Contribution to defined contribution plan, recognised as expense for the year are as under :-

Employer's contribution to provident fund and other funds ₹ 25.83 million (Previous year ₹ 18.32 million).

**Defined benefit plan**

The following table summarises the components of net benefit expenses recognised in the statement of profit and loss and amounts recognised in the balance sheet for the defined benefit gratuity plan.

	(₹ million)	
	Gratuity	
	March 31, 2016	March 31, 2015
Expense recognised in statement of profit and loss		
Current service cost	4.98	4.22
Interest cost on benefit obligation	1.70	1.35
Net actuarial (gain)/loss recognised in the year	(0.30)	2.12
Expense recognised in statement of profit and loss	<b>6.38</b>	<b>7.69</b>

## Defined benefit liability

(₹ million)

	Gratuity	
	March 31, 2016	March 31, 2015
Present value of defined benefit obligation at the end of the year	22.64	21.20
<b>Unfunded liability recognised in balance sheet</b>	<b>22.64</b>	<b>21.20</b>

## Changes in the present value of the defined benefit obligation are as follows:

(₹ million)

	Gratuity	
	March 31, 2016	March 31, 2015
Present value of defined benefit obligation at the beginning of the year	21.20	16.91
Current service cost	4.98	4.22
Interest cost	1.70	1.35
Benefits paid	(4.94)	(3.40)
Net actuarial (gain)/loss recognised in the year	(0.30)	2.12
<b>Present value of defined benefit obligation at the end of the year *</b>	<b>22.64</b>	<b>21.20</b>

\* Includes current portion ₹ 0.79 million (Previous year ₹ 0.69 million).

The principal assumptions used in determining present value of long term employee benefit obligations and defined benefit obligation are given below.

(₹ million)

	Compensated absences		Gratuity	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Discount rate (per annum)	8.00%	8.00%	8.00%	8.00%
Rate of escalation in salary (per annum)	5.00%	5.00%	5.00%	5.00%
Withdrawal rate (per annum)	2.00%	2.00%	2.00%	2.00%
Mortality rate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate

Amounts for the current and previous four years are as follows:

(₹ million)

Gratuity	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation	22.64	21.20	16.91	14.77	10.79
Experience adjustments gain/ (loss) for plan liabilities	0.30	(0.16)	0.02	1.07	1.70

## 32 EMPLOYEE STOCK OPTION PLAN

### Employee Stock Option Plan –ESOP-2007

The Company instituted the Employee Stock Option Plan – ESOP-2007 to grant equity based incentives to its eligible employees. The ESOP-2007 (“the Scheme”) has been approved by the Board of Directors of the Company at their meeting held on June 27, 2007 and by the shareholders of the Company by way of special resolution passed at their Annual General Meeting held on September 18, 2007 to grant 4,344,355 options (not exceeding 2% of the issued, subscribed and paid up equity share capital of the Company as on March 31, 2007), representing one share for each option upon exercise by the employee of the Company at an exercise price determined by the Board / remuneration committee. The Scheme covers grant of options to the specified permanent employees of the Company and Directors of the Company, whether whole time directors or otherwise as may be decided by the Board.

The options granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. Under the terms of the Scheme, 20% of the options will vest in the employee every year equally. The option grantee must exercise all vested options within a period of four years from the date of vesting. Once the options vest as per the Scheme, they would be exercisable by the option

grantee at any time and the shares arising on exercise of such options shall not be subject to any lock-in period.

### Employee Stock Option Plan –ESOP-2015

The Company instituted the Employee Stock Option Scheme -2015 (“SITI ESOP 2015” or “New Plan”) to grant equity based incentives to eligible employees. The SITI ESOP-2015 has been approved by the Board of Directors of the Company at their meeting held on May 28, 2015 and by the shareholders of the Company by way of special resolution passed at their Annual General Meeting held on August 27, 2015 to grant upto 33,881,656 options, representing one share for each option upon exercise by the eligible employee at an exercise price determined by the Board / remuneration committee.

The options granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. Under the terms of the Scheme 50%, 35% and 15% of the options will vest in the employee(s) after expiry of one year, two years and three years, respectively, from the date of grant of options. The option granted must exercise all vested options within a period of four years from the date of vesting and the shares arising on exercise of such options shall not be subject to any lock-in period.

The movement in the options granted to the employee during the year is set out below :

	Employee Stock Option Plan –ESOP-2015		Employee Stock Option Plan –ESOP-2007	
	New Plan	Plan 3	Plan 2	Plan 1
Date of grant	September 3, 2015	July 16, 2009	June 16, 2008	October 22, 2007
Date of Board approval	May 28, 2015	July 16, 2009	June 17, 2008	October 22, 2007
Date of shareholders' approval	August 27, 2015	October 22, 2009	August 17, 2009	September 18, 2007
Number of options granted	4,663,500	2,808,800	150,000	2,987,300
Method of settlement (cash/equity)	Equity	Equity	Equity	Equity
Vesting period	Five years	Five years	Five years	Five years
Exercise period	Four years	Four years	Four years	Four years

The details of activity under New Plan have been summarised below:

	March 31, 2016		March 31, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	4,663,500	30.85	-	-
Expired/lapsed during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	4,663,500	30.85	-	-
Exercisable at the end of the year	-	-	-	-

The details of activity under Plan 3 have been summarised below:

	March 31, 2016		March 31, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	-	-	479,300	17.45
Expired/lapsed during the year	-	-	283,540	17.45
Exercised during the year	-	-	195,760	17.45
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

There is no activity under Plan 2 during the current year and previous year.

The details of activity under Plan 1 have been summarised below:

	March 31, 2016		March 31, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	-	-	172,600	20.00
Expired/lapsed during the year	-	-	122,680	-
Exercised during the year	-	-	49,920	20.00
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

(₹ million)

The details of exercise price for stock options outstanding as at March 31, 2016 :

	New Plan
Number of options outstanding	4,663,500
Weighted average remaining contractual life of options (in years)	Three year
Weighted average exercise price (₹)	30.85

The details of exercise price for stock options outstanding as at March 31, 2015 :

	Plan 1	Plan 3
Number of options outstanding	-	48,940
Weighted average remaining contractual life of options (in years)	-	1 year
Weighted average exercise price (₹)	20	17.45

The details of cost recorded in the Statement of profit and loss under each plan is as follows:

	March 31, 2016		March 31, 2015	
New Plan	30.35	-	-	-
Plan 3	-	-	-	-
Plan 2	-	-	-	-
Plan 1	-	-	-	-

(₹ million)

### 33 LEASES

#### Finance lease: Company as lessee

Vehicles obtained on finance lease are for 4 years after which the legal title is passed to the lessee. There is no escalation clause in the lease agreement. There are no restrictions imposed by the lease arrangements. There are no subleases.

(₹ million)

	March 31, 2016		March 31, 2015	
	Minimum lease payments (MLP)	Present value of MLP	Minimum lease payments (MLP)	Present value of MLP
Within one year	0.80	0.69	1.18	1.16
After one year but not more than five years	0.86	0.78	1.27	0.99
More than five years	-	-	-	-
Total minimum lease payments	1.66	1.47	2.45	2.15
Less: amounts representing finance charges	0.19	-	0.30	-
Present value of minimum lease payments	1.47	1.47	2.15	2.15

Rental expense for operating leases for the years ended March 31, 2016 and March 31, 2015 was ₹ 96.03 million and ₹ 75.78 million respectively.

### 34 RELATED PARTY DISCLOSURES

#### (i) Names of related parties where control exists

##### Subsidiaries companies

- Indian Cable Net Company Limited
- Central Bombay Cable Network Limited
- Siticable Broadband South Limited
- Wire and Wireless Tisai Satellite Limited
- Master Channel Community Network Private Limited (Subsidiary of Central Bombay Cable Network Limited)
- Siti Vision Digital Media Private Limited
- Siti Jind Digital Media Communication Private Limited
- Siti Jai Maa Durgee Communications Private Limited
- Siti Bhatia Network Entertainment Private Limited
- Siti Jony Digital Cable Network Private Limited
- Siti Krishna Digital Media Private Limited
- Siti Faction Digital Private Limited
- Siti Guntur Digital Network Private Limited
- Siti Maurya Cable Net Private Limited (Subsidiary of Indian Cable Net Company Limited)
- Siti Karnal Digital Media Network Private Limited w.e.f. February 02, 2015
- Siti Global Private Limited w.e.f. June 20, 2014
- Siti Siri Digital Network Private Limited w.e.f. February 02, 2015
- Siti Broadband Services Private Limited w.e.f. July 19, 2014

- Siti Prime Uttaranchal Communication Private Limited (Formerly Known As Capital Digital Multimedia Network Private Limited) w.e.f. September 30, 2015
- Panchsheel Digital Communication Network Private Limited w.e.f. August 22, 2015
- Saistar Digitalmedia Private Limited w.e.f. February 12, 2016
- Bargachh Digital Communication Network Private Limited w.e.f. January 11, 2016
- Variety Entertainment Private Limited w.e.f. January 29, 2016
- Indinet Service Private Limited (Subsidiary of Indian Cable Net Company Limited) w.e.f. August 19, 2015
- Axom Communications & Cable Private Limited (Subsidiary of Indian Cable Net Company Limited) w.e.f. March 31, 2016

**(ii) Name of related party where significant influence exists**

**Associate company**

- Siti Chhattisgarh Multimedia Private Limited (Associate of Siti Bhatia Network Entertainment Private Limited)

**(iii) Key Management Personnel**

- Mr. Subhash Chandra, Director (till April 04, 2015) and Mr .V.D. Wadhwa, Executive Director and CEO

**(iv) Enterprises owned or significantly influenced by key management personnel or their relatives**

- Zee Entertainment Enterprises Limited
- Zee Media Corporation Limited (formerly known as Zee News Limited)
- Zee Turner Limited
- Essel International Limited
- Essel Media Ventures Limited
- Direct Media & Cable Private Limited
- Digital Satellite Media & Broadband Private Limited
- Arrow Media & Broadband Private Limited
- All India Digital Cable Federation

### Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

#### a. Sale/ purchase of goods and services

(₹ million)						
Year ended		Sale of goods and services	Purchase of goods and services	Balance owed by related parties	Balance owed to related parties	Balance owed to related parties
<b>Subsidiaries</b>						
Indian Cable Net Company Limited	March 31, 2016	192.21	70.64	697.27	-	-
	March 31, 2015	28.86	5.27	445.46	-	-
Master Channel Community Network Private Limited	March 31, 2016	131.24	-	175.88	-	-
	March 31, 2015	52.76	-	86.67	-	-
Siti Vision Digital Media Private Limited	March 31, 2016	8.32	-	304.54	-	-
	March 31, 2015	-	-	290.36	-	-
Wire and Wireless Tisai Satellite Limited	March 31, 2016	-	-	37.78	-	-
	March 31, 2015	-	-	37.72	-	-
Siti Jind Digital Media Communications Private Limited	March 31, 2016	52.73	-	52.67	-	-
	March 31, 2015	38.05	-	20.51	-	-
Siticable Broadband South Limited	March 31, 2016	-	-	-	-	11.76
	March 31, 2015	-	-	0.54	-	-
Siti Jai Maa Durgee Communications Private Limited	March 31, 2016	-	-	8.24	-	-
	March 31, 2015	-	-	8.43	-	-
Siti Krishna Digital Media Private Limited	March 31, 2016	15.97	-	20.72	-	-
	March 31, 2015	21.13	-	33.96	-	-
Siti Jony Digital Cable Network Private Limited	March 31, 2016	3.50	-	6.80	-	-
	March 31, 2015	2.72	-	3.14	-	-
Siti Guntur Digital Network Private Limited	March 31, 2016	33.00	-	45.97	-	-
	March 31, 2015	15.00	-	35.43	-	-
Siti Maurya Cable Net Private Limited	March 31, 2016	2.83	-	8.57	-	-
	March 31, 2015	4.97	-	8.56	-	-
Siti Faction Digital Private Limited	March 31, 2016	18.93	-	105.45	-	-
	March 31, 2015	12.07	-	88.01	-	-



(₹ million)

Year ended	Sale of goods and services	Purchase of goods and services	Balance owed by related parties	Balance owed to related parties	Balance owed to related parties
Siti Karnal Digital Media Network Private Limited	March 31, 2016	26.71	-	117.83	-
	March 31, 2015	107.48	-	118.15	-
Siri Digital Network Private Limited	March 31, 2016	920.61	-	0.03	-
	March 31, 2015	139.22	-	128.99	-
Siti Global Private Limited	March 31, 2016	3.54	-	50.75	-
	March 31, 2015	42.46	-	46.00	-
Bargachh Digital Communication Network Private Limited	March 31, 2016	34.11	-	52.88	-
	March 31, 2015	-	-	-	-
Siti Prime Uttaranchal Comm. Private Limited	March 31, 2016	58.59	-	27.54	-
	March 31, 2015	-	-	-	-
Siti Broadband Services Private Limited	March 31, 2016	124.83	-	0.05	-
	March 31, 2015	-	-	-	-
Siti Bhatia Network Entertainment Private Limited	March 31, 2016	36.12	-	32.81	0.30
	March 31, 2015	-	-	10.36	-
Panchsheel Digital Communication Network Private Limited	March 31, 2016	52.75	-	41.07	-
	March 31, 2015	-	-	-	-
Saistar Digitalmedia Private Limited	March 31, 2016	0.04	-	0.08	-
	March 31, 2015	-	-	-	-
Variety Entertainment Private Limited	March 31, 2016	45.00	-	-	-
	March 31, 2015	-	-	-	-
Axom Communications & Cable Private Limited	March 31, 2016	-	-	41.39	-
	March 31, 2015	-	-	-	-
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>					
Zee Entertainment Enterprises Limited	March 31, 2016	342.52	5.61	7.51	26.18
	March 31, 2015	330.23	10.39	42.27	13.63
Zee Turner Limited	March 31, 2016	-	-	-	281.15
	March 31, 2015	-	-	0.21	281.15
Zee Media Corporation Limited	March 31, 2016	33.58	1.92	44.90	13.42
	March 31, 2015	37.50	1.83	18.63	11.49

**b. Advances given and repayment thereof**

	Year ended	Advances given	Repayment/ Adjustments	Balance owed by related parties
<b>Subsidiaries</b>				
Indian Cable Net Company Limited	March 31, 2016	56.98	395.63	319.04
	March 31, 2015	346.68	1,676.32	657.69
Central Bombay Cable Network Limited	March 31, 2016	3,900.53	4,478.43	20.85
	March 31, 2015	7,825.00	8,117.70	598.74
Siti Cable Broadband South Limited	March 31, 2016	35.05	5.00	51.39
	March 31, 2015	16.95	-	21.34
Siti Vision Digital Media Private Limited	March 31, 2016	0.01	-	40.32
	March 31, 2015	46.69	10.00	40.32
Master Channel Community Network Private Limited	March 31, 2016	0.03	0.19	2.88
	March 31, 2015	-	-	3.04
Siti Jai Maa Durgee Communications Private Limited	March 31, 2016	0.71	0.50	1.24
	March 31, 2015	-	-	1.03
All India Digital Cable Federation	March 31, 2016	3.04	-	3.04
	March 31, 2015	-	-	-
Variety Entertainment Private Limited	March 31, 2016	352.83	-	352.83
	March 31, 2015	-	-	-
Siti Guntur Digital Network Private Limited	March 31, 2016	10.93	0.27	10.65
	March 31, 2015	-	-	(0.02)
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>				
Zee Turner Limited	March 31, 2016	-	-	13.15
	March 31, 2015	-	-	13.15

**c. Investment in Optionally Convertible Debenture**

	(₹ million)	
	Gratuity	
	March 31, 2016	March 31, 2015
<b>Subsidiaries</b>		
Siti Siri Digital Network Private Limited	744.90	-
Saistar Digitalmedia Private Limited	231.30	-
Variety Entertainment Private Limited	234.00	-
Siti Broadband Services Private Limited	136.40	-

**d. Expenditure paid by the Company on behalf of others and expenditure paid by others on behalf of the Company:**

(₹ million)

	Expenditure paid by the Company on behalf of the others		Expenditure paid by others on behalf of the Company	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Siti Vision Digital Media Private Limited	11.28	13.51	-	-
Siti Cable Broadband South Limited	0.05	0.31	0.16	-
Central Bombay Cable Network Limited	0.53	-	-	-
Master Channel Community Network Private Limited	0.02	0.01	-	-
Zee Entertainment Enterprises Limited	2.60	3.03	8.12	15.75
Siti Jai Maa Durgee Communications Private Limited	0.87	1.03	0.02	-
Siti Faction Digital Private Limited	0.74	14.20	0.91	-
Indian Cable Net Company Limited	59.68	53.98	6.93	87.17
Siti Jind Digital Media Communications Private Limited	6.18	0.83	-	-
Siti Krishna Digital Media Private Limited	-	0.01	-	-
Siti Karnal Digital Media Network Private Limited	13.07	8.40	0.18	-
Siti Guntur Digital Network Private Limited	10.97	-	-	-
Siti Global Private Limited	1.45	1.42	-	-
Wire and Wireless Tisai Satellite Limited	0.06	-	-	-
Bargachh Digital Communication Network Private Limited	2.00	-	-	-
Siti Prime Uttaranchal Communication Private Limited	0.89	-	-	-
Siti Maurya Cable Net Private Limited	0.01	-	-	-
Siti Siri Digital Network Private Limited	0.03	-	3.59	-
Siti Bhatia Network Entertainment Private Limited	13.93	-	4.12	-
Siti Broadband Services Private Limited	0.00	-	5.75	-
Panchsheel Digital Communication Network Private Limited	0.46	-	-	-
Siti Jony Digital Cable Network Private Limited	0.45	1.83	-	-
All India Digital Cable Federation	3.04	-	-	-

**e. Money received against preferential allotment**

(₹ million)

	March 31, 2016	March 31, 2015
Direct Media & Cable Private Limited (allotment of warrants)	3,000.00	-
Digital Satellite Media & Broadband Private Limited (subscription of optionally fully convertible debentures)	1,800.00	-
Arrow Media & Broadband Private Limited (allotment of warrants)	500.00	-

**f. Equity share capital issued on conversion of warrants and optionally fully convertible debentures**

	(₹ million)	
	March 31, 2016	March 31, 2015
Essel International Limited	-	57.72
Essel Media Ventures Limited	-	35.78
Digital Satellite Media & Broadband Private Limited	30.80	-
Direct Media & Cable Private Limited	85.71	-

**g. Remuneration to key managerial personnel**

	(₹ million)	
	March 31, 2016	March 31, 2015
Mr. V.D. Wadhwa	18.09	20.90

**h. Warrants as at end of the respective reporting years**

	(₹ million)	
	March 31, 2016	March 31, 2015
Arrow Media & Broadband Private Limited	500.00	-

**i. Balance outstanding optionally fully convertible debentures**

	(₹ million)	
	March 31, 2016	March 31, 2015
Digital Satellite Media & Broadband Private Limited	722.00	-

**j. Purchase of services**

	(₹ million)	
	March 31, 2016	March 31, 2015
Relatives of KMP	5.58	4.42

**k. Corporate guarantee given by**

	(₹ million)	
	March 31, 2016	March 31, 2015
Zee Entertainment Enterprises Limited	629.90	610.00

**l. Trade receivables assigned:**

	Trade receivable assigned		Balance as at the end of the year	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Variety Entertainment Private Limited	441.03	-	352.83	-

**35 CAPITAL AND OTHER COMMITMENTS**

Estimated amount of contracts remaining to be executed and not provided for (net of advances) amounting to ₹ 124.40 million (Previous year ₹ 108.25 million).

**36 CONTINGENT LIABILITIES**

- i) Claims against the Company not acknowledged as debts ₹ 46.52 million\* (Previous year ₹ 15.02 million).
- ii) Demands raised by the statutory authorities being contested by the Company ₹ 580.43 million\* (Previous year 417.92).
- ii) The Company has undertaken to provide continuing financial support to subsidiaries are given as below:

**In March 31, 2016**

None

**In March 31, 2015**

Central Bombay Cable Network Limited  
Siticable Broadband South Limited

\* excludes pending cases including ones with business Associates/Statutory Authorities and where amount of liabilities is not ascertainable and immaterial.

**37 UNHEDGED FOREIGN CURRENCY EXPOSURE**

Particulars of unhedged foreign currency exposure as at reporting date:

	March 31, 2016		March 31, 2015	
	US\$ million	₹ million	US\$ million	₹ million
Trade receivables for carriage income	0.09	6.03	0.38	23.59
Trade payables	0.19	12.49	0.68	42.65
Payable for fixed assets	61.46	4,076.72	18.60	1,164.27
Buyers' credit (Secured loan)	40.10	2,660.16	75.27	4,711.16

(₹ million)

\* Closing rate as at March 31, 2016 (1 USD = ₹ 66.33 (March 31, 2015: 1 USD = ₹ 62.59)) (March 31, 2015: 1 USD = ₹ 62.59))

**38** The breakup of year end deferred tax assets and liabilities into major components of the respective balance is as under

Particulars	March 31, 2016		March 31, 2015	
	US\$ million	₹ million	US\$ million	₹ million
<b>Deferred tax liabilities</b>				
Unamortised expenditure for ancillary cost of arranging the borrowings		26.27		26.27
Timing difference in depreciation and amortisation of tangible and intangible assets		168.08		38.33
Gross deferred tax liabilities		194.35		64.59
<b>Deferred tax assets</b>				
Provision for doubtful debts		194.35		64.59
Gross deferred tax assets		194.35		64.59
<b>Net deferred tax liability/(assets)</b>		-		-

(₹ million)

In the absence of virtual certainty of sufficient future taxable income, the Company has recognised deferred tax assets only to the extent of deferred tax liability.

### 39 Value of imports calculated on CIF basis

Particulars	(₹ million)	
	March 31, 2016	March 31, 2015
Plant and machinery	30.78	125.53
Set top boxes and viewing cards	5,351.41	1,390.59
Software	147.52	80.85
	<b>5,529.71</b>	<b>1,596.97</b>

### 40 Expenditure in foreign currency (accrual basis)

Particulars	(₹ million)	
	March 31, 2016	March 31, 2015
Foreign travelling	3.06	1.38
Interest on buyer's credit	109.07	124.06
	<b>112.13</b>	<b>125.44</b>

### 41 Earnings in foreign currency (accrual basis)

Particulars	(₹ million)	
	March 31, 2016	March 31, 2015
Carriage income	19.02	18.26
	<b>19.02</b>	<b>18.26</b>

### 42 RIGHTS ISSUE UTILISATION

The Company had during the year 2009-10 issued 236,222,285 equity shares of ₹ 1 each at a premium of ₹ 18 per share for cash to the existing equity shareholders of the Company. Given below are the details of utilisation of proceeds raised through rights issue.

Particulars	(₹ million)	
	March 31, 2016	March 31, 2015
Unutilised amount at the beginning of the year	75.87	75.87
Working capital requirements	10.07	
Acquisition of MSOs and LCOs	44.90	
General corporate purposes	20.90	
<b>Unutilised amount at the end of the year</b>	<b>-</b>	<b>75.87</b>

Unutilised amount was lying in deposit account with banks and since the money is fungible, utilisation has been linked with the payment made from a common bank account post transfer of fund from the bank account separately maintained for the receipt of right issue proceeds.

### 43 UTILISATION OF PROCEEDS FROM PREFERENTIAL ALLOTMENT

The Company has issued 142,857,142 warrants at ₹ 35 per warrant during the year 2015-16. The Company has also issued Optionally Fully Convertible Debenture (OFCD's) 51,428,571 each at ₹ 35 per OFCDs during the year 2015-16. Given below are the details of utilisation of proceeds raised through preferential issue.

(₹ million)

Particulars	March 31, 2016	March 31, 2015
Unutilised amount at the beginning of the year	-	-
Add:- Amount received during the year	5,300.00	-
Less: Amount utilised during the year		
Repayments of debts of the Company	3,799.03	-
Capital expenditure	410.48	-
Unutilised amount at the end of the year	1,090.49	-

Unutilised amount is lying bank accounts and since the money is fungible, utilisation has been linked with the payment made from a common bank account post transfer of fund from the bank account separately maintained for the receipt of preferential allotment proceeds.

Details of utilisation of proceeds of preferential allotment made during the year ended March 31, 2015:

(₹ million)

Particulars	March 31, 2016	March 31, 2015
Balance unutilised at the beginning of the previous year	-	1,842.80
Less: Utilised for capital expenditure and capital advances	-	1,842.80
<b>Balance unutilised at the end of the year</b>	-	-

### 44 UTILISATION OF PROCEEDS FROM QUALIFIED INSTITUTIONAL PLACEMENT (QIP)

The Company had during the previous year 2014-15 issued 63,174,540 equity shares of ₹ 1 each at a premium of ₹ 34 per share. Given below are the details of utilisation of proceeds raised through rights issue.

(₹ million)

Particulars	March 31, 2016	March 31, 2015
Unutilised amount at the beginning of the year	2,194.01	-
Add:- Amount received during the year	-	2,211.11
Less: Amount utilised during the year		
Working capital	239.43	17.10
General corporate purposes	1,954.58	-
Unutilised amount at the end of the year	-	<b>2,194.01</b>

Unutilised amount was lying in deposit account with banks as at end of the previous year and since the money is fungible, utilisation has been linked with the payment made from a common bank account post transfer of fund from the bank account separately maintained for the receipt of QIP proceeds.

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

There are no investments or loan given or guarantee provided or security given by the Company other than the investments and loans stated under note 14 in these Financial Statements, which have been made predominantly for the purpose of business.

- 46** The Company operates in single business segment of cable distribution in India only. Hence there are no separate reportable business or geographical segments as per Accounting Standard (AS-17) on Segment Reporting.
- 47** Prior period item, for the year ended March 31, 2016, relates to license fee of ₹ 21.76 million pertaining to financial year 2014-2015, recorded in financial year 2015-2016.
- 48** As approved by the Shareholders, on the basis of recommendation of Nomination and Remuneration Committee, the remuneration paid to CEO and Executive Director of the Company exceeds the prescribed limits under the Companies Act, 2013 by ₹ 4.1 million, for which necessary representation for reconsidering the application has been submitted before Central Government and approval is awaited for the same.
- 49** Previous year amounts have been regrouped/ reclassified wherever necessary.

This is the Summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiook & Co LLP**  
(formerly Walker, Chandiook & Co)  
Chartered Accountants

For and on behalf of the Board of Directors of  
SITI Cable Network Limited

per **Rajni Mundra**  
Partner

**V D Wadhwa**  
Executive Director and CEO  
DIN 00439684

**B K Syngal**  
Director  
DIN 00002395

Place : New Delhi  
Date : May 25, 2016

**Anil Jain**  
Head-Finance and accounts

**Suresh Kumar**  
Company Secretary  
M No ACS 14390



# INDEPENDENT AUDITOR'S REPORT

To the Members of SITI Cable Network Limited

## REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the accompanying consolidated financial statements of SITI Cable Network Limited, ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, which comprise the Consolidated Balance Sheet as at 31 March 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and its associate, 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 (as amended). The Holding Company's Board of Directors, and the respective Board of Directors/management of the subsidiaries included in the Group, and of its associate are responsible for the design, implementation and maintenance of internal control 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. Further, in terms with the provisions of the Act, the respective Board of Directors of the Holding Company, its subsidiary and associate, are responsible for maintenance of adequate accounting records; safeguarding the assets; 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, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

## AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the auditor's report under the provisions of the Act and the Rules made thereunder.
5. 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 financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated 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

# INDEPENDENT AUDITOR'S REPORT

and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 9(a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## OPINION

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and associate as noted below, the aforesaid consolidated 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 consolidated state of affairs of the Group, and its associate as at 31 March 2016, their consolidated loss and their consolidated cash flows for the year ended on that date.

## OTHER MATTERS

9. (a) We did not audit the financial statements of 24 subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹ 11,369.1 million as at 31 March 2016, total revenues (after eliminating intra-group transactions) of ₹ 4,903.7 million and net cash flows amounting to ₹ 488.2 million for the year ended on that date. 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 financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, 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, is based solely on the reports of the other auditors.

- (b) We did not audit the financial statements of a subsidiary included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹ 92.8 million as at 31 March 2016, total revenues (after eliminating intra-group transactions) of ₹ 42.8 million and net cash flows amounting to ₹ 9.4 million for the year ended on that date. The consolidated financial statements also include the Group's share of net profit of ₹ Nil million for the year ended 31 March 2016, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of such subsidiary and associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, 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 by and the reports of the other auditors and the financial statements certified by the Management.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. As required by Section 143(3) of the Act, and based on the auditor's reports of the subsidiaries, 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 purpose of our audit of the aforesaid consolidated financial statements;
- b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c) The consolidated financial statements dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014(as amended);
- e) On the basis of the written representations received from the directors of the Holding Company taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies, none of the directors of the Group companies, is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
- f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company and its subsidiary companies, as of 31 March 2016, in conjunction with our audit of the consolidated financial statements of the group and its associate for the year ended on that date and our report dated 25 May 2016 as per Annexure I expressed unqualified opinion; 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) as detailed in Note 41, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
- (ii) the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies.

For **Walker Chandiok & Co LLP**  
 (Formerly Walker, Chandiok & Co)  
 Chartered Accountants  
 Firm's Registration No.: 001076N/N500013

per **Rajni Mundra**  
 Partner  
 Membership No.: 58644

Place: New Delhi  
 Date: 25 May 2016

# ANNEXURE I

## Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the consolidated financial statements of SITI Cable Network Limited ("the Holding Company") and its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group") and its associate as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company and its subsidiary companies, as of that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

### AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company and its subsidiary companies as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing ("Standards"), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note on Audit of Internal Financial

Controls Over Financial Reporting (the "Guidance Note"), 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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.
5. We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditors 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 IFCoFR of the Holding Company and its subsidiary companies as aforesaid.

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

6. A company's IFCoFR 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 IFCoFR 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**

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **OPINION**

8. In our opinion, the Holding Company and its subsidiary companies, have, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the respective company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### **OTHER MATTERS**

9. We did not audit the IFCoFR insofar as it relates to 24 subsidiary companies, whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹ 11,369.1 million as at 31 March 2016, total revenues (after eliminating intra-group transactions) of ₹ 4,903.7 million and net cash flows amounting to ₹ 488.2 million for the year ended on that date. Our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company and such subsidiary companies, under Section 143(3)(i) of the Act insofar as it relates to the aforesaid subsidiaries, is solely based on the corresponding reports of the auditors of such companies. Our opinion is not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors. Further, we did not audit the IFCoFR insofar as it relates to the subsidiary and the associate company, as referred in paragraph 9(b) of our audit report on consolidated financial statements.

For **Walker Chandiok & Co LLP**  
(Formerly Walker, Chandiok & Co)  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

per **Rajni Mundra**  
Partner  
Membership No.: 58644

Place: New Delhi  
Date: 25 May 2016

# CONSOLIDATED BALANCE SHEET

as at March 31, 2016

(₹ million)

	Notes	March 31, 2016	March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	4	794.78	678.27
Reserves and surplus	5	5,119.53	1,151.16
Money received against warrants	6	500.00	-
		6,414.31	1,829.43
Minority interest		805.36	677.60
<b>Non-current liabilities</b>			
Long-term borrowings	7	7,872.14	9,375.36
Deferred tax liabilities (net)	8	163.74	100.85
Other non-current liabilities	9	2,261.98	791.65
Long-term provisions	10	53.58	45.32
		10,351.44	10,313.18
<b>Current liabilities</b>			
Short-term borrowings	11	755.07	465.25
Trade payables		-	-
- Total outstanding dues of micro enterprises and small enterprises; and		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	12	3,322.47	2,614.17
Other current liabilities	13	8,383.85	6,430.63
Short-term provisions	10	71.18	33.63
		12,532.57	9,543.68
<b>Total</b>		<b>30,103.68</b>	<b>22,363.89</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	14	10,590.56	6,333.22
Intangible assets	15	2,555.80	2,526.85
Capital work-in-progress	14	5,039.56	1,848.94
Intangible assets under development	14	271.87	141.18
Goodwill on consolidation		303.31	91.80
Deferred tax assets (net)	16	6.48	0.25
Non-current investments	17	8.42	8.42
Long-term loans and advances	18	365.61	404.88
Other non-current assets	19	783.45	630.10
		19,925.06	11,985.65
<b>Current assets</b>			
Current investments	20	8.04	8.04
Inventories	21	191.45	140.03
Trade receivables	22	3,643.33	3,283.49
Cash and bank balances	23	3,727.50	4,337.06
Short-term loans and advances	18	2,476.16	2,490.12
Other current assets	19	132.14	119.51
		10,178.62	10,378.25
<b>Total</b>		<b>30,103.68</b>	<b>22,363.89</b>
Summary of significant accounting policies	3		
The accompanying notes are an integral part of these financial statements.			

This is the consolidated balance sheet referred to in our report of even date.

For **Walker Chandio & Co LLP**  
(formerly Walker, Chandio & Co)  
Chartered Accountants

For and on behalf of the Board of Directors of  
SITI Cable Network Limited

per **Rajni Mundra**  
Partner

**V D Wadhwa**  
Executive Director and CEO  
DIN 00439684

**B K Syngal**  
Director  
DIN 00002395

Place : New Delhi  
Date : May 25, 2016

**Anil Jain**  
Head-Finance and accounts

**Suresh Kumar**  
Company Secretary  
M No ACS 14390

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2016

(₹ million)

	Notes	March 31, 2016	March 31, 2015
<b>REVENUE</b>			
Revenue from operations	24	11,889.18	9,059.29
Other income	25	240.15	310.69
<b>Total revenue</b>		<b>12,129.33</b>	<b>9,369.98</b>
<b>EXPENSES</b>			
Cost of materials consumed	26	4.93	0.97
Purchases of traded goods	27	376.76	16.10
Carriage sharing, pay channel and related costs		5,686.36	5,108.22
Employee benefits expense	28	630.82	517.90
Finance costs	29	1,378.20	1,208.83
Depreciation and amortisation expenses	30	1,632.06	1,327.86
Other expenses	31	2,201.34	2,042.47
<b>Total expenses</b>		<b>11,910.47</b>	<b>10,222.35</b>
<b>Profit/(loss) before exceptional item and tax</b>		<b>218.86</b>	<b>(852.37)</b>
Exceptional items	32	(1.58)	(0.19)
<b>Profit/(loss) before tax</b>		<b>220.44</b>	<b>(852.19)</b>
<b>Tax expenses</b>			
Current tax		101.31	107.57
Minimum alternate tax (MAT) credit entitlement		(20.04)	(43.76)
Prior period current tax adjustments		1.20	11.60
Deferred tax		48.47	91.25
<b>Profit/(loss) for the year after tax before minority interest and prior period items</b>		<b>89.50</b>	<b>(1,018.85)</b>
Prior period items		21.11	-
<b>Profit/(loss) for the year before minority interest</b>		<b>68.39</b>	<b>(1,018.85)</b>
Adjustment for minority interest		85.49	72.14
<b>Loss for the year</b>		<b>(17.10)</b>	<b>(1,090.99)</b>
Loss attributable to			
Owners of the Company		(17.10)	(1,090.99)
Minority interest		85.49	72.14
<b>Loss per share after tax</b>	33		
Basic		(0.02)	(1.77)
Diluted		(0.02)	(1.77)
Summary of significant accounting policies	3		
The accompanying notes are an integral part of these financial statements.			

This is the consolidated statement of profit and loss referred to in our report of even date.

For **Walker Chandio & Co LLP**  
(formerly Walker, Chandio & Co)  
Chartered Accountantsper **Rajni Mundra**  
PartnerPlace : New Delhi  
Date : May 25, 2016For and on behalf of the Board of Directors of  
SITI Cable Network Limited**V D Wadhwa**  
Executive Director and CEO  
DIN 00439684**Anil Jain**  
Head-Finance and accounts**B K Syngal**  
Director  
DIN 00002395**Suresh Kumar**  
Company Secretary  
M No ACS 14390

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2016

	Notes	March 31, 2016	March 31, 2015
(₹ million)			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before tax		220.44	(852.19)
Depreciation and amortisation expenses		1,632.06	1,327.86
Prior period items		(21.11)	-
(Profit)/Loss on sale of assets (net)		(1.35)	1.83
Deferred tax liability		8.18	-
Bad debts written off		181.22	208.96
Excess provision written back		(69.93)	(168.85)
Amortisation of ancillary borrowing costs		48.27	29.42
Provision for doubtful debts (net)		260.34	114.16
Provision for doubtful advances		25.91	160.35
Unrealised foreign exchange loss		(6.36)	(33.57)
Interest expense		1,105.03	967.41
Interest income		(147.37)	(70.49)
Employee stock compensation expense		30.35	-
<b>Operating profit before working capital changes</b>		<b>3,265.68</b>	<b>1,684.89</b>
Movements in working capital :			
Increase in trade payables		778.23	334.48
Increase in long-term provisions		8.26	13.45
Decrease in short-term provisions		(44.90)	(31.35)
Increase in other non-current liabilities		1,480.16	418.38
Increase in other current liabilities		2,575.68	1,068.55
Increase in trade receivables		(801.41)	(1,653.05)
Increase in inventories		(51.42)	(43.05)
Decrease/(increase) in loans and advances		249.25	(436.67)
(Increase)/Decrease in other current assets		(23.95)	147.74
Increase in other non-current assets		(156.01)	(149.95)
<b>Cash generated from / (used in) operations</b>		<b>7,279.57</b>	<b>1,353.41</b>
Direct taxes (paid)/refunded (net)		(221.91)	(136.93)
<b>Net cash flow from operating activities (A)</b>		<b>7,057.66</b>	<b>1,216.49</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets including capital advance		(9,452.48)	(2,947.43)
Proceeds from sale of fixed assets		2.68	-
Investments in bank deposits having original maturity of more than three months and margin money deposits (net)		(9.88)	(27.13)
Interest received		136.33	47.19
<b>Net cash used in from investing activities (B)</b>		<b>(9,323.35)</b>	<b>(2,927.37)</b>



	Notes	March 31, 2016	March 31, 2015
(₹ million)			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Minority interest		42.27	30.05
Proceeds from issuance of equity share capital		4,078.00	2,189.40
Share application money pending allotment		-	(10.41)
Proceeds from issuance of warrants		500.00	-
Proceeds from long-term borrowings		4,789.69	3,114.19
Repayment of long-term borrowings		(6,972.54)	(1,779.71)
Proceeds from unsecured loan (net)		57.13	-
Proceeds/(repayment) from short-term borrowings (net)		289.82	(8.62)
Interest and finance expenses paid		(1,138.13)	(1,042.81)
<b>Net cash flow from financing activities (C)</b>		<b>1,646.24</b>	<b>2,492.08</b>
<b>Net (decrease)/increase in cash and cash equivalents (A + B + C)</b>		<b>(619.45)</b>	<b>781.21</b>
Cash and cash equivalents at the beginning of the year		4,297.67	3,516.46
<b>Cash and cash equivalents at the end of the year</b>		<b>3,678.22</b>	<b>4,297.67</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>			
Cash on hand		87.95	54.29
Cheques in hand		1,786.70	532.59
Deposits with original maturity of less than three months		1,515.32	2,218.10
With banks- in current account		288.25	1,492.69
<b>Total cash and cash equivalents (note 22)</b>		<b>3,678.22</b>	<b>4,297.67</b>
Summary of significant accounting policies (refer note 3)			

Notes:

1. Figures in bracket indicate cash outflow.

This is the consolidated cash flow statement referred to in our report of even date.

This is the consolidated cash flow statement referred to in our report of even date.

For **Walker Chandio & Co LLP**  
(formerly Walker, Chandio & Co)  
Chartered Accountants

per **Rajni Mundra**  
Partner

Place : New Delhi  
Date : May 25, 2016

For and on behalf of the Board of Directors of  
SITI Cable Network Limited

**V D Wadhwa**  
Executive Director and CEO  
DIN 00439684

**Anil Jain**  
Head-Finance and accounts

**B K Syngal**  
Director  
DIN 00002395

**Suresh Kumar**  
Company Secretary  
M No ACS 14390

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended March 31, 2016

## 1 CORPORATE INFORMATION

- a) SITI Cable Network Limited (hereinafter referred to as the 'Company' or 'SCNL' or the 'Holding Company' or the 'Parent Company') was incorporated in the state of Maharashtra, India. The Company, its subsidiaries and associate (collectively known as the 'Group') are engaged in distribution of television channels through analogue and digital cable distribution network, primary internet and allied services. .

## 2 a) Principles of consolidation

"The consolidated financial statements include the financial statements of the Holding Company and its subsidiaries (collectively referred to as 'Group').

In preparing the consolidated financial statements, financial statements of the Holding Company and its subsidiaries have been combined on a line by line basis by adding the book values of the like items of assets, liabilities, income and expenses after eliminating intra-group balances/ transactions and unrealised profits or losses in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Parent Company and its share in the post-acquisition increase in the relevant reserves of the consolidated entities.

The results of operation of the associate have been reflected in the consolidated financial statements by following the equity method of accounting.

The excess/deficit of cost to the Parent Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which the investment in such entities was made is recognised in the financial statements as goodwill/ capital reserve. Goodwill arising on consolidation is tested for impairment when the relevant indicators of impairment are applicable. The Parent Company's portion of net worth in

such entities is determined on the basis of book value of assets and liabilities as per the financial statements of the entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant changes."

Minority interest in subsidiary represents the minority shareholders' proportionate share of the net assets and net income.

Minorities' interest in net profit of consolidated subsidiaries for the year has been identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets has been identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same have been attributed to the shareholder of the Holding Company.

## b) Basis of preparation

The Consolidated financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting following generally accepted accounting principles in India and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and the provisions of the Act. The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied by the Group unless otherwise stated. All assets and liabilities have been classified as current or non-current, wherever applicable as per the operating cycle as per the guidance as set out in the Revised Schedule III to the Act.

The Group continued to incur losses, during year ended March 31, 2016 but in view of the present positive net worth, expected substantial subscription revenue growth and continued financial support from certain stakeholders of the Company, the consolidated financial statements continue to be prepared on a going concern basis.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Use of estimates

In preparing the Group's consolidated financial statements in conformity with accounting principles generally accepted in India, the management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in the period the same is determined.

#### b) Tangible fixed assets

- (i) Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises of the purchase price (net of Cenvat credit availed), borrowing costs if capitalisation criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.
- (ii) Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

- (iii) Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit and loss when the asset is derecognised.

- (iv) Set top boxes are treated as part of capital work in progress till at the end of the month of activation thereof.

#### c) Depreciation on tangible fixed assets

- (i) Pursuant to the enactment of the Companies Act, 2013 (the 'Act'), the Company has, effective from April 01, 2014, reassessed the useful life of its fixed assets and has computed depreciation and amortisation with reference to the useful life of assets as recommended in Schedule II of the Act.

Building	60
Plant and equipment	8
Furniture and fixtures	10
Studio equipment	13
Computers	3
Vehicles	8
Office equipment	5
Air conditioners	5
Set-top boxes	8
Integrated receiver and decoder (IRD) boxes	10

- (ii) Leasehold improvements are amortised over the lease term or 10 years; whichever is less.
- (iii) Leasehold land is amortised over the effective period of lease.
- (iv) Plant and equipment taken over under scheme of arrangement in the earlier years are depreciated over the management's estimate of remaining useful life, a period of 5 years.

**d) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

**e) Amortisation of intangible assets**

- (i) Goodwill arising in a scheme of arrangement and purchase of business is amortised using the straight-line method over a period of five years.
- (ii) Software are amortised over a period of six years on straight line basis.
- (iii) Cost of news/ current affairs/ chat shows/ events including sports events etc. are fully expensed on first telecast.
- (iv) Program/ film/ cable rights are amortised on a straight-line basis over the license period or 60 months from the date of purchase, whichever is shorter.
- (v) In case of Indian Cable Net Company Limited, a subsidiary company, computer software are amortised over lower of useful life or period of three years on straight line basis.
- (vi) In case of Indian Cable Net Company Limited, a subsidiary company, distribution network rights are amortised using the straight-line method over a period of ten years.

**f) Leases**

**Where the Group is the lessee**

Assets acquired on finance lease, which effectively transfers to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of minimum lease payments at the inception of the lease term. Lease

payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule II to the Companies Act, 2013, whichever is lower. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule II to the Companies Act, 2013.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**Where the Group is the lessor**

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

**g) Borrowing costs**

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with

the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

#### **h) Impairment of tangible and intangible assets**

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and the same is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the same is accordingly reversed in the statement of profit and loss. Goodwill arising on consolidation is tested for impairment annually.

#### **i) Investments**

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase

price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

#### **j) Inventories**

Stores and spares are valued at cost on weighted average or at net realisable value whichever is lower.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

#### **k) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

##### **(i) Sale of goods**

Revenue from sale of goods is recognised when the significant risks and rewards in respect of ownership of the goods are transferred to the buyer, usually on delivery of the goods and when no uncertainty exists regarding the amount of consideration that will be derived. The Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to

the Group. Hence, they are excluded from revenue.

Revenue from high sea sales are being recognised on transfer of title of goods to the customer.

**(ii) Income from services**

Subscription income is recognised on completion of services and when no significant uncertainty exists regarding the amount of consideration that will be derived.

Other networking and management income and carriage income are recognised on accrual basis over the terms of related agreements and when no significant uncertainty exists regarding the amount of consideration that will be derived. Carriage revenue recognition is done basis negotiations/formal agreement with broadcasters.

Advertisement income is recognised when the related advertisement gets telecasted and when no significant uncertainty exists regarding the amount of consideration that will be derived. Other advertisement revenue for slot sale is recognised on period basis.

Activation and set top boxes pairing charges are recognised as revenue on pairing and transfer of the related boxes and when no significant uncertainty exists regarding the amount of consideration that will be derived

The Group collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

Income from rendering technical services and broadband services are recognised on accrual basis.

**(iii) Interest**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

**I) Foreign currency transaction**

**(i) Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**(ii) Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and the non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**(iii) Exchange differences**

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Group at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Exchange difference arising on long-term foreign currency monetary items related to acquisition of fixed assets are capitalised and depreciated over the remaining useful life of assets

Exchange difference arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency monetary Items Translation Difference Account" and amortised over the remaining life of concerned monetary items.

**m) Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Group has no other obligation, other than the contribution payable to the provident fund.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. Short term compensated absences are provided for based on estimates. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains / losses are immediately recognised to the statement of profit and loss and are not deferred.

**n) Income tax**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is recognised by way of a credit to the statement of profit and loss and presented as MAT credit entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the

effect that the Group will pay normal income tax during the specified period.

**o) Employees stock compensation cost**

Measurement and disclosure of the stock option granted under the Company's employee share-based payment plans is done in accordance with SEBI (Shared Based Employee Benefits) Regulation, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

**p) Segment reporting**

The Group is a multi system operator providing cable television network services, internet services and allied services which is considered as the only reportable segment. The Group's operations are based in India.

**q) Earning per share**

- (i) Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.
- (ii) For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares

outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**r) Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**s) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

**t) Cash and cash equivalents**

Cash and Cash equivalents in the Cash Flow Statement comprise cash at bank and in hand, cheques in hand and short term investments with an original maturity of three months or less.

**u) Amortisation of borrowing cost**

Costs incurred in raising funds are amortised equally over the period for which the funds are raised.



#### 4. SHARE CAPITAL

	(₹ million)	
	March 31, 2016	March 31, 2015
<b>Authorised share capital</b>		
1,290,000,000 (Previous year: 990,000,000) equity shares of ₹ 1 each	1,290.00	990.00
10,000,000 (Previous year: 10,000,000) preference shares of ₹ 1 each	10.00	10.00
<b>Total authorised capital</b>	<b>1,300.00</b>	<b>1,000.00</b>
<b>Issued share capital</b>		
795,374,543 (Previous year 678,860,258) equity shares of ₹ 1 each	795.37	678.86
Less:- Forfeited equity shares 1,227,123 (Previous year 1,227,123) equity shares of ₹ 1 each	(1.23)	(1.23)
23,436 (Previous year 23,436) 7.25% Non-cumulative redeemable preference shares of ₹ 1 each	0.02	0.02
<b>Total issued capital</b>	<b>794.16</b>	<b>677.65</b>
<b>Subscribed and fully paid up capital</b>		
794,147,420 (Previous year 677,633,135) equity shares of ₹ 1 each fully paid up	794.14	677.63
23,436 (Previous year 23,436) 7.25% Non-cumulative redeemable preference shares of ₹ 1 each fully paid up	0.02	0.02
<b>Total paid up capital</b>	<b>794.16</b>	<b>677.65</b>
Forfeited equity shares 1,227,123 (Previous year 1,227,123) equity shares of ₹ 1 each (excluding securities premium of ₹ 8.5 per share)	0.62	0.62
	<b>794.78</b>	<b>678.27</b>

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

	(₹ million)			
	March 31, 2016		March 31, 2015	
	No. of shares	₹ million	No. of shares	₹ million
<b>Equity shares</b>				
Balance at the beginning of the year	677,633,135	677.63	520,712,915	520.71
<b>Add:</b>				
Issued on conversion of warrants (refer note 4(f))	85,714,285	85.71	93,500,000	93.50
Issued on conversion of Optionally Fully Convertible Debentures (refer note 4(f))	30,800,000	30.80	-	-
Issued during the year	-	-	63,174,540	63.17
Issued on exercise of employee stock options	-	-	245,680	0.25
<b>Balance at the end of the year</b>	<b>794,147,420</b>	<b>794.14</b>	<b>677,633,135</b>	<b>677.63</b>

### Preference shares

There is no movement in preference share capital in current year and previous year.

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

The Company has only one class of equity shares having par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share.

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

#### (c) Terms/ rights attached to preference shares

"The Company has only one class of 7.25% Non-cumulative redeemable preference shares of ₹ 1 each. The said preference shares were allotted to Zee Telefilms Limited (now Zee Entertainment Enterprises Limited) on December 29, 2006, pursuant

to the scheme of arrangement for demerger of cable business undertaking of Zee Telefilms Limited approved by the Hon'ble Bombay High Court vide its order dated November 17, 2006. Initially, as per the terms of the issue and allotment, the said preference shares were due for redemption on December 29, 2008. However, with the written consent/approval of Zee Entertainment Enterprises Limited, the terms of the issue of said preference shares was varied by extending the period of redemption by another three years i.e. till December 29, 2011. Later on June 6, 2011 these shares were transferred to Churu Enterprises LLP by Zee Entertainment Enterprises Limited. Period for redemption of preference shares has been extended by another period of five years till December 29, 2016 by Churu Enterprises LLP. The preference shares are redeemable at par. In the event of liquidation of the Company before redemption of preference shares, the holders of preference shares will have priority over equity shares in the payment of dividend and repayment of capital."

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

	March 31, 2016		March 31, 2015	
	No. of shares	% of holding	No. of shares	% of holding
<b>Preference shares</b>				
Churu Enterprises LLP	23,436	100%	23,436	100%

	March 31, 2016		March 31, 2015	
	No. of shares	% of holding	No. of shares	% of holding
<b>Equity shares</b>				
Bioscope Cinemas Private Limited	50,670,529	6.38%	50,670,529	7.48%
Direct Media Solutions Private Limited	140,000,000	17.63%	140,000,000	20.66%
Essel International Limited	67,750,000	8.53%	67,750,000	10.00%
Essel Media Ventures Limited	116,431,000	14.66%	116,431,000	17.18%
Digital Satellite Holdings Private Limited	71,369,898	8.99%	71,369,898	10.53%
Direct Media and Cable Private Limited	85,714,285	10.79%	-	-

**(e) Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 37.

**(f) Terms of securities convertible into equity shares issued along with earliest date of conversion.**

During the year ended March 31, 2016, the Company has issued 142,857,142 warrants on preferential basis upon payment of a consideration of ₹ 35 per warrant. Each convertible warrant is convertible into one equity share of ₹1 each at a premium of ₹ 34 per share. Holders of such warrants have an option to convert these warrants into equity shares upon payment of aforesaid consideration on or before eighteen months from the date of allotment of warrants viz February 19, 2016. During the year ended March 31, 2016, the Company has converted 85,714,285 warrants into equity shares resulting in increase of ₹ 85.71 million and ₹ 2,914.29 million in equity share capital and securities premium account respectively.

During the year ended March 31, 2016, the Company has issued 51,428,571 Optionally Fully Convertible Debenture ('OFCDs') on preferential basis upon payment of a consideration of ₹ 35 per OFCD. Each convertible OFCD is convertible into one equity share of ₹ 1 each at a premium of ₹ 34 per share. Holders

of such OFCDs have an option to convert these OFCDs into equity shares upon payment of aforesaid consideration on or before eighteen months from the date of allotment of OFCDs, viz. February 19, 2016. During the year ended March 31, 2016, 30,800,000 of OFCDs have been converted into equity shares pursuant to the exercise of option resulting in increase in equity share capital and securities premium account by ₹ 30.80 million and ₹ 1047.20 million respectively.

During the year ended March 31, 2013, the Company issued 162,000,000 convertible warrants on preferential basis upon payment of a consideration of ₹ 20 per warrant. Each warrant was convertible into one equity share of ₹1 each at a premium of ₹19 per share. Holders of such warrants had the option to convert these warrants into equity shares upon payment of aforesaid consideration on or before eighteen months from the date of allotment of warrants, viz. March 19, 2013. During the year ended March 31, 2014 and March 31, 2015, 68,500,000 and 93,500,000 equity shares respectively had been allotted pursuant to the exercise of option.

- (g)** No shares were issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issue or brought back during the last five years.

## 5 RESERVES AND SURPLUS

(₹ million)

	March 31, 2016	March 31, 2015
<b>Foreign currency monetary item translation difference account</b>		
Balance at beginning of the year	(54.62)	(21.05)
Add: Recognised during the year	(67.69)	(76.88)
Less: Amortised during the year	(61.33)	(43.31)
Balance at the end of the year	<b>(60.98)</b>	<b>(54.62)</b>
<b>Securities premium account</b>		
Balance at the beginning of the year	9,405.65	5,501.57
Add: Received on issue of equity shares on conversion of Warrants and OFCDs (note 4(f))	3,961.49	3,930.21
Less: Adjustment of expenses incurred on issue of equity shares	-	26.13
Balance at the end of the year	<b>13,367.14</b>	<b>9,405.65</b>
<b>Employee stock options reserve</b>		
Balance at the beginning of the year	-	-
Add: Shares based payment expenses	30.35	-
Balance at the end of the year	<b>30.35</b>	-
<b>General reserve</b>		
Balance at the beginning of the year	3.23	-
Add: Transferred from employee stock option reserve	-	3.23
Balance at the end of the year	<b>3.23</b>	<b>3.23</b>
<b>Deficit in the statement of profit and loss</b>		
Balance at the beginning of the year	(8,203.10)	(7,068.35)
Add: Adjustment on account of depreciation charge pursuant to implementation of Schedule II of the Companies Act, 2013 (net of deferred tax) (refer note 14(ii))	-	(43.76)
Add: Loss for the year	(17.10)	(1,090.99)
Less: Final dividend proposed on preference shares (including corporate dividend tax)	(0.01)	(0.01)
Balance at the end of the year	<b>(8,220.21)</b>	<b>(8,203.10)</b>
	<b>5,119.53</b>	<b>1,151.16</b>

## 6 MONEY RECEIVED AGAINST WARRANTS

(₹ million)

	March 31, 2016	March 31, 2015
Also refer note 49.	500.00	-

## 7 LONG-TERM BORROWINGS

(₹ million)

	Non-current		Current	
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
<b>(a) Term loans from banks (Secured)</b>				
Term loans	5,061.21	2,812.16	6,938.63	1,479.00
Buyer's credits	2,609.34	673.16	2,294.24	2,628.32
Finance lease obligations	2.96	0.69	0.99	1.16
<b>(b) Other borrowings from other parties (Unsecured)</b>	198.63	-	141.50	-
	<b>7,872.14</b>	<b>3,486.01</b>	<b>9,375.36</b>	<b>4,108.48</b>
<b>The above amount includes</b>				
Secured borrowings	7,673.51	3,486.01	9,233.86	4,108.48
Unsecured borrowings	198.63	-	141.50	-
Amount disclosed under the head "other current liabilities" (Note 13)	-	(3,486.01)	-	(4,108.48)
<b>Net amount</b>	<b>7,872.14</b>	<b>-</b>	<b>9,375.36</b>	<b>-</b>

## 8 DEFERRED TAX LIABILITY (NET)

(₹ million)

	March 31, 2016	March 31, 2015
<b>Deferred tax liabilities</b>		
Unamortised expenditure for ancillary cost of arranging the borrowings	26.27	26.27
Timing difference in depreciation and amortisation of tangible and intangible assets	415.54	209.20
<b>Gross deferred tax liabilities</b>	<b>441.81</b>	<b>235.47</b>
<b>Deferred tax assets</b>		
Expenditure debited to Statement of Profit and Loss in the current year but allowed for tax purposes in following years	8.00	3.95
Provision for doubtful debts and advances	270.07	130.67
<b>Gross deferred tax assets</b>	<b>278.07</b>	<b>134.62</b>
<b>Deferred tax liability (net)</b>	<b>163.74</b>	<b>100.85</b>

## 9 OTHER NON-CURRENT LIABILITIES

(₹ million)

	March 31, 2016	March 31, 2015
Advance from customers	-	30.35
Interest free deposit from customers	276.15	44.13
Creditors for capital goods	1,985.83	717.17
	<b>2,261.98</b>	<b>791.65</b>

## 10 PROVISIONS

(₹ million)

	Long-term		Short-term	
	March 31, 2016		March 31, 2015	
<b>Provision for employee benefits</b> (Refer Note 36)				
Provision for gratuity	29.39	1.55	25.51	0.98
Provision for compensated absences	23.34	1.40	17.12	1.12
Provision for taxation	0.85	68.23	2.69	31.53
	<b>53.58</b>	<b>71.18</b>	<b>45.32</b>	<b>33.63</b>

(₹ million)

Nature of loan	March 31, 2016		March 31, 2015		Nature of securities	Interest rate	Tenure of repayment
	Non-current	Current	Non-current	Current			
<b>Term loan</b>							
1	-	-	-	150.00	Term loans from banks are secured by first pari passu charge on entire movable fixed assets, both present and future, of the Company and on the receivables, cash flow and bank account of the Company. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter of the interest and principal repayment to be funded ten days before each due date, for the entire tenure of the loan.	Base rate+1.20%	Nil (Previous year two) quarterly installments payable as per the terms of underlying agreement
2	-	-	337.50	187.50		Base rate+1.20%	Nil (Previous year ten) quarterly installments payable as per the terms of underlying agreement
3	-	-	350.00	150.00		Base rate+1.20%	Nil (Previous year three) quarterly installments payable as per the terms of underlying agreement
4	1,000.00	-	1,000.00	-		Base rate+1.20%	Eight (previous year eight) half yearly installments payable as per the terms of underlying agreement
5	700.00	-	700.00	-		Base rate+1.20%	Eight (previous year eight) half yearly installments payable as per the terms of underlying agreement
6	165.00	190.00	355.00	135.00	Term loans from banks are secured by pari passu mortgage and charge on all of the Company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of the Company's current assets. Also secured by corporate guarantee of an associated company for maintenance of debt service reserve account (DSRA) for 2 quarters' interest.	Base rate+2.50%	Seven (Previous year eleven) quarterly installments payable as per the terms of underlying agreement
7	1,143.75	101.25	1,115.00	-		Base rate+2.50%	Twelve (Previous year twelve) quarterly installments payable as per the terms of underlying agreement
8	974.34	2,208.41	1,643.63	794.00	Term loan from bank are secured by first charge by way of hypothecation of the Company's entire current assets which would include stocks and consumable stores and spares and such other movable properties including book debts, receivables both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other banks/ lenders. First charge on all moveable fixed assets of the Company, cash flow and bank account of the Company ranking pari passu with other banks/lenders. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter of the interest and principal repayment to be funded 10 days before each due date, for the entire tenure of the loan.	Base rate+2.10%	Repayment plan for each term loan: I. Four (Previous year eight) quarterly installments payable as per the terms of underlying agreement II. Seven (Previous year eleven) quarterly installments payable as per the terms of underlying agreement III. Eight (Previous year twelve) quarterly installments payable as per the terms of underlying agreement IV. Two (Previous year four) quarterly installments payable as per the terms of underlying agreement V. Three (Previous year four) quarterly installments as per the terms of underlying agreement VI. Four (Previous year four) quarterly installments payable as per the terms of underlying agreement

(₹ million)

Nature of loan	March 31, 2016		March 31, 2015		Nature of securities	Interest rate	Tenure of repayment
	Non-current	Current	Non-current	Current			
9	625.00	250.00	937.50	62.50	Term loan from bank are secured by pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of the Company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of the Company's current assets. Also secured by corporate guarantee of an associated company for maintenance of debt service reserve account (DSRA) for 1 quarters' interest.	Base rate+0.45%	Fourteen (Previous year sixteen) quarterly installments payable as per the terms of underlying agreement
10	437.50	62.50	500.00	-	Term loan from bank are secured by pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of the Company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of the Company's current assets. Also secured by corporate guarantee of an associated company for maintenance of debt service reserve account (DSRA) for 1 quarters' interest.	Base rate+0.45%	Sixteen (Previous year sixteen) quarterly installments payable as per the terms of underlying agreement
11	15.62	-	-	-	Term loan from bank are secured by pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of a subsidiary company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of a subsidiary company's current assets.	11.60%	One hundred seventy seven (Previous year Nil) monthly installments payable as per the terms of underlying agreement
<b>Sub total</b>	<b>5,061.21</b>	<b>2,812.16</b>	<b>6,938.63</b>	<b>1,479.00</b>			
<b>Buyer's credits</b>							
1	-	-	932.91	-	Buyer's credit from bank are secured by pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of the Company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of the company's current assets. Also secured by corporate guarantee of an associated company for maintenance of debt service reserve account (DSRA) for 2 quarters' interest.	Six months LIBOR+90 bps	Repayment at the end of tenure.
2	-	258.60	587.35	1,843.56	Buyer's credit from bank are secured by first charge by way of hypothecation of the Company's entire current assets which would include stocks and consumable stores and spares and such other movable properties including book debts, receivables both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other banks/ lenders. First charge on all moveable fixed assets of the Company, cash flow and bank account of the Company ranking pari passu with other banks/lenders. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter of the interest and principal repayment to be funded 10 days before each due date, for the entire tenure of the loan.	Six months LIBOR+350 bps	Repayable at the end of tenure.

(₹ million)

Nature of loan	March 31, 2016		March 31, 2015		Nature of securities	Interest rate	Tenure of repayment
	Non-current	Current	Non-current	Current			
3	596.95	251.43	263.25	784.76	Buyer's credit from bank are secured by pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of the Company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of the Company's current assets. Also secured by corporate guarantee of an associated company for maintenance of debt service reserve account (DSRA) for 1 quarters' interest.	Six months LIBOR+335 bps	Repayable at the end of tenure.
4	1390.05	163.13	299.33	-	Buyer's credit from bank are secured by pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of the Company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of the Company's current assets. Also secured by corporate guarantee of an associated company for maintenance of debt service reserve account (DSRA) for 2 quarters' interest.	Six months LIBOR+100 bps	Repayable at the end of tenure.
5	622.34	-	211.40	-	Buyer's credit from bank are secured by first and exclusive charge on all existing and future current assets and unencumbered movable fixed assets of a subsidiary company. Also secured by the first and exclusive equitable mortgage on its land and building, pledge of fixed deposit of a subsidiary company and personal guarantee of the directors of a subsidiary company.	Base rate+0.45%	Repayable at the end of tenure.
<b>Sub total</b>	<b>2609.34</b>	<b>673.16</b>	<b>2294.23</b>	<b>2628.32</b>			
Unsecured loan	198.63	-	141.50	-	Repayable on demand	Interest free	Repayable on demand
Finance lease obligations	2.96	0.69	0.99	1.16	Finance lease obligations - Secured by hypothecation of vehicles purchased thereunder.		

## 11 SHORT-TERM BORROWINGS

(₹ million)

	March 31, 2016	March 31, 2015
<b>Secured</b>		
Loans repayable on demand from		
Banks	-	465.25
Other	33.07	-
Unsecured Optionally fully convertible debenture from promoter group company	722.00	-
	<b>755.07</b>	<b>465.25</b>

- Secured by first pari passu charge on the fixed assets and current assets of the Company. The Company is required to maintain debt service reserve account (DSRA) for 2 quarters' interest. All the loans are further secured by corporate guarantee of an associate to maintain DSRA and carries an interest rate of Base rate +3%.
- Secured by first pari passu charge on the future and current assets of the Company with minimum assets cover ratio 1.1\* for IVBL facilities. The Company is required to maintain debt service reserve account (DSRA) for 1 quarters' interest. All the loans are further secured by corporate guarantee of an associate to maintain DSRA and carries an interest rate of Base rate +1.95%.



- iii) The Company had short term borrowings from other party, the detail of securities are as under : During the year ended March 31, 2016, the Company has allotted 51,428,571 Optionally Fully Convertible Debentures ("OFCDs") on preferential basis upon payment of a consideration of ₹ 35 per OFCDs. Each OFCDs is convertible within a period of eighteen months into one equity share of ₹ 1 each at a premium of ₹ 34 per share. Out of which, the Company has converted 30,800,000 OFCDs into equity shares dated March 28, 2016 balances are yet to be converted into equity shares. All OFCDs are unsecured and interest free.

## 12 TRADE PAYABLES

	(₹ million)	
	March 31, 2016	March 31, 2015
- Total outstanding dues of micro enterprises and small enterprises; and	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	3,322.47	2,614.17
	<b>3,322.47</b>	<b>2,614.17</b>
Dues to micro and small enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006		

	(₹ million)	
	March 31, 2016	March 31, 2015
Principle amount remaining unpaid	-	-
Interest due thereon	-	-
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the period	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid	-	-
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 section 23 of the MSMED Act, 2006	-	-
	-	-

\*The details of amounts outstanding to micro and small enterprises under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006 are as per available information with the Group.

## 13 OTHER CURRENT LIABILITIES

	(₹ million)	
	March 31, 2016	March 31, 2015
Current maturities of long-term borrowings (Refer note 7)	3,485.32	4,107.32
Current maturities of finance lease obligations (Refer note 7)	0.69	1.16
Interest accrued but not due on borrowings	22.77	32.60
Book overdraft	1,247.03	328.58
Advance from customers	227.22	202.22
Creditors for capital goods	2,419.30	938.09
Others		
Interest free deposits from customers	58.26	44.24
Statutory liabilities payable (refer note 13 (i) below)	923.26	776.41
	<b>8,383.85</b>	<b>6,430.63</b>

Note (i) During the year ended March 31, 2016, based on external legal opinion obtained by the Company in connection with the primary obligation of local cable operators for payment of entertainment tax to Government and undertakings/declarations submitted by the local cable operators for making payments of such dues thereon for certain states, the entertainment tax dues appearing as payable in the books of account have been accounted as discharged by the Company which aggregate ₹ 373.40 million (previous year ₹ Nil).

## 14. TANGIBLE ASSETS

	₹ million)													
Gross block	Building	Leasehold land	Plant and equipment	Computers and equipment	Office equipment and fixtures	Furniture and fixtures	Air conditioners	Studio equipment	Vehicles	Ground distribution network	Leasehold improvements	Settop boxes	IRD boxes	Total
Balance as at April 1, 2014	27.58	8.92	2,625.71	114.07	40.28	48.48	15.69	42.97	23.79	358.37	55.61	5,205.53	1.26	8,568.26
Additions	-	-	372.04	9.68	3.84	1.58	0.10	25.58	3.96	-	-	1,762.95	-	2,179.73
Disposals	-	-	-	-	-	-	-	-	2.69	-	-	-	-	2.69
<b>Balance as at March 31, 2015</b>	<b>27.58</b>	<b>8.92</b>	<b>2,997.75</b>	<b>123.75</b>	<b>44.12</b>	<b>50.06</b>	<b>15.79</b>	<b>68.55</b>	<b>25.06</b>	<b>358.37</b>	<b>55.61</b>	<b>6,968.48</b>	<b>1.26</b>	<b>10,745.30</b>
Addition on acquisition of subsidiaries	-	-	388.86	0.56	16.68	6.27	-	-	0.34	-	-	-	-	412.71
Addition	38.13	-	890.79	160.79	8.19	10.63	0.45	0.07	7.35	-	0.65	4,036.71	-	5,153.76
Disposals	1.65	-	-	0.07	0.03	0.05	-	-	-	-	-	-	-	1.80
<b>Balance as at March 31, 2016</b>	<b>64.06</b>	<b>8.92</b>	<b>4,277.40</b>	<b>285.03</b>	<b>68.96</b>	<b>66.91</b>	<b>16.24</b>	<b>68.62</b>	<b>32.75</b>	<b>358.37</b>	<b>56.26</b>	<b>11,005.19</b>	<b>1.26</b>	<b>16,309.97</b>
<b>Accumulated depreciation</b>														
Balance as at April 1, 2014	8.04	0.89	1,714.25	89.60	15.59	21.79	6.44	30.16	9.88	120.72	35.94	1,272.67	0.66	3,326.63
Adjustment from opening reserve	-	-	35.86	2.60	11.34	0.37	4.70	0.32	0.13	-	-	-	-	55.32
Charge for the year	0.44	0.11	298.65	8.98	7.28	3.32	1.22	3.46	3.07	15.86	7.47	681.12	-	1,030.98
Reversal on disposal of assets	-	-	-	-	-	-	-	-	0.86	-	-	-	-	0.86
<b>Balance as at March 31, 2015</b>	<b>8.48</b>	<b>1.00</b>	<b>2,048.76</b>	<b>101.18</b>	<b>34.21</b>	<b>25.48</b>	<b>12.36</b>	<b>33.94</b>	<b>12.23</b>	<b>136.58</b>	<b>43.41</b>	<b>1,953.79</b>	<b>0.66</b>	<b>4,412.08</b>
Addition on acquisition of subsidiaries	-	-	41.21	0.23	11.72	1.12	-	-	0.19	-	-	-	-	54.47
Charge for the year	7.54	0.11	247.29	26.77	10.12	3.44	1.00	1.07	2.54	-	3.48	949.98	-	1,253.34
Reversal on disposal of assets	0.46	-	-	0.02	0.00	0.00	-	-	-	-	-	-	-	0.48
<b>Balance as at March 31, 2016</b>	<b>15.56</b>	<b>1.11</b>	<b>2,337.26</b>	<b>128.16</b>	<b>56.05</b>	<b>30.04</b>	<b>13.36</b>	<b>35.01</b>	<b>14.96</b>	<b>136.58</b>	<b>46.89</b>	<b>2,903.77</b>	<b>0.66</b>	<b>5,719.41</b>
<b>Net block</b>														
<b>Balance as at March 31, 2015</b>	<b>19.10</b>	<b>7.92</b>	<b>948.99</b>	<b>22.57</b>	<b>9.91</b>	<b>24.58</b>	<b>3.43</b>	<b>34.61</b>	<b>12.83</b>	<b>221.79</b>	<b>12.20</b>	<b>5,014.68</b>	<b>0.60</b>	<b>6,333.22</b>
<b>Balance as at March 31, 2016</b>	<b>48.50</b>	<b>7.81</b>	<b>1,940.14</b>	<b>156.87</b>	<b>12.91</b>	<b>36.87</b>	<b>2.88</b>	<b>33.61</b>	<b>17.79</b>	<b>221.79</b>	<b>9.37</b>	<b>8,101.42</b>	<b>0.60</b>	<b>10,590.56</b>

Note: -i) The Company has exercised the option available under paragraph 46A of Accounting Standard-11 "The Effects of Changes in Foreign Exchange Rates" accordingly during the current year foreign exchange loss of ₹ 168.65 million (previous year ₹ 127.84 million) has been added to the gross block of set top boxes and ₹ 3.55 million (previous year ₹ Nil million) has been added to capital work in progress.

ii) During the previous year, the Company had revised the useful lives of its fixed assets to comply with the requirements as mentioned under Schedule II of the Companies Act, 2013. Accordingly, the depreciation expense for year ended March 31, 2015 was higher by ₹ 39.0 million. Similarly, in case of fixed assets whose life had been completed as on March 31, 2014, value (net of residual value) of those assets amounting of ₹ 55.32 million had been adjusted with the opening balances of retained earnings i.e. deficit in statement of profit and loss.

iii) Capital work-in-progress and intangible assets under development include Set top boxes, Viewing card and Plant and equipment amounting to ₹ 3,669.51 million, ₹ 271.87 and ₹ 1,370.06 (previous year ₹ 1,178.37 million, ₹ 141.18 million and ₹ 670.57 million) respectively which are yet to be installed.

**15 INTANGIBLE ASSETS**

(₹ million)

Gross block	Goodwill	Program/ film/ cable rights	Distribution network rights	Software	Total
Balance as at April 1, 2014	463.39	50.33	1,550.00	548.82	2,612.54
Additions	-	-	-	479.86	479.86
<b>Balance as at March 31, 2015</b>	<b>463.39</b>	<b>50.33</b>	<b>1,550.00</b>	<b>1,028.68</b>	<b>3,092.40</b>
Additions				407.67	407.67
<b>Balance as at March 31, 2016</b>	<b>463.39</b>	<b>50.33</b>	<b>1,550.00</b>	<b>1,436.35</b>	<b>3,500.07</b>
<b>Accumulated amortisation</b>					
Balance as at April 1, 2014	26.63	47.18	12.92	180.18	266.91
Adjustment from opening reserve	-	-	-	1.76	1.76
Charge for the year	48.28	-	153.71	94.89	296.88
<b>Balance as at March 31, 2015</b>	<b>74.91</b>	<b>47.18</b>	<b>166.63</b>	<b>276.83</b>	<b>565.55</b>
Charge for the year	48.28	-	153.71	176.73	378.72
<b>Balance as at March 31, 2016</b>	<b>123.19</b>	<b>47.18</b>	<b>320.34</b>	<b>453.56</b>	<b>944.27</b>
<b>Net block</b>					
Balance as at March 31, 2015	388.48	3.15	1,383.37	751.85	2,526.85
<b>Balance as at March 31, 2016</b>	<b>340.20</b>	<b>3.15</b>	<b>1,229.66</b>	<b>982.79</b>	<b>2,555.80</b>

**16 DEFERRED TAX ASSETS (NET)**

(₹ million)

	March 31, 2016	March 31, 2015
<b>Deferred tax liabilities</b>		
Timing difference in depreciation and amortisation of tangible and intangible assets	3.12	0.56
<b>Gross deferred tax liabilities</b>	<b>3.12</b>	<b>0.56</b>
<b>Deferred tax assets</b>		
Expenditure debited to Statement of Profit and Loss in the current year but allowed for tax purposes in following years	9.60	0.81
<b>Gross deferred tax assets</b>	<b>9.60</b>	<b>0.81</b>
<b>Deferred tax assets</b>	<b>6.48</b>	<b>0.25</b>

## 17 NON-CURRENT INVESTMENTS (TRADE, UNQUOTED) LONG TERM INVESTMENTS (Valued at cost unless stated otherwise)

	(₹ million)	
	March 31, 2016	March 31, 2015
<b>Investment in equity instruments-associate</b>		
70,500 (Previous year 70,500) equity share of ₹ 10 each fully paid up of Siti Chhattisgarh Multimedia Private Limited	8.42	8.42
Share in profit	-	-
	<b>8.42</b>	<b>8.42</b>
<b>Investment in equity instruments-others</b>		
480 (Previous year 480) equity shares of ₹ 100 each fully paid up of Master Ads Private Limited	0.05	0.05
9,500 (Previous year 9,500) equity shares of ₹ 10 each fully paid up of Dakshin Communications Private Limited	1.77	1.77
3,000 (Previous year 3,000) equity shares of ₹10 each fully paid up of Centre Channel Private Limited	0.23	0.23
	<b>10.47</b>	<b>10.47</b>
Less : Provision for diminution in the value of investments	2.05	2.05
	<b>8.42</b>	<b>8.42</b>
<b>Investment in preference shares</b>		
14,080 (previous year 14,080) 6% Non-cumulative redeemable preference shares of ₹ 100 each fully paid up of		
Haryana Communications Network Private Limited	7.04	7.04
Less : Provision for diminution in the value of investments	7.04	7.04
	-	-
<b>Total</b>	<b>8.42</b>	<b>8.42</b>
Aggregate amount of unquoted investments	17.51	17.51
Aggregate amount of provision for diminution in the value of investments	9.09	9.09

In addition to the above, the Company holds certain 6% Non-cumulative redeemable preference shares of ₹ 100 each fully paid up in a few companies which have been completely written off against provision for diminution in value of investments in earlier years.

## 18 LOANS AND ADVANCES

(₹ million)

	Long-term	Short-term	Long-term	Short-term
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
<b>Capital advances</b>				
Unsecured, considered good	34.32	-	94.48	-
	34.32	-	94.48	-
<b>Security deposits</b>				
Unsecured, considered good	160.38	0.21	128.13	0.05
Considered doubtful	2.81	-	2.81	-
	<b>163.19</b>	<b>0.21</b>	<b>130.94</b>	<b>0.05</b>
Less: Provision for doubtful security deposits	2.81	-	2.81	-
	<b>160.38</b>	<b>0.21</b>	<b>128.13</b>	<b>0.05</b>
<b>Advances recoverable in cash or kind</b>				
<b>Unsecured, considered good</b>				
Other advances	8.11	1,081.76	59.84	1,651.30
Considered doubtful	-	635.16	-	610.01
	<b>8.11</b>	<b>1,716.92</b>	<b>59.84</b>	<b>2,261.30</b>
Less: Provision for doubtful advances	-	635.16	-	610.01
	<b>8.11</b>	<b>1,081.76</b>	<b>59.84</b>	<b>1,651.30</b>
<b>Other loans and advances</b>				
<b>Unsecured, considered good</b>				
Advance tax	150.71	579.52	120.03	388.28
Balances with statutory authorities	12.09	796.70	2.40	439.16
Prepaid expenses	-	17.97	-	11.33
	<b>162.80</b>	<b>1,394.19</b>	<b>122.43</b>	<b>838.77</b>
	<b>365.61</b>	<b>2,476.16</b>	<b>404.88</b>	<b>2,490.12</b>

## 19 OTHER ASSETS

(₹ million)

	Non-current	Current	Non-current	Current
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
<b>Considered good unless stated otherwise</b>				
Non-current bank deposits (refer note 22)	729.96	-	574.29	-
	729.96	-	574.29	-
<b>Unamortised expenditure</b>				
Ancillary cost of raising the borrowings	53.16	31.15	55.81	53.51
	53.16	31.15	55.81	53.51
<b>Others</b>				
Interest accrued and not due on fixed deposits	0.34	52.58	-	41.54
Unbilled revenue	-	48.41	-	24.46
	0.34	100.99	-	66.00
	<b>783.45</b>	<b>132.14</b>	<b>630.10</b>	<b>119.51</b>

## 20 CURRENT INVESTMENTS (NON TRADE, QUOTED)

(Valued at lower of cost or fair value)

	(₹ million)	
	March 31, 2016	March 31, 2015
<b>Investments in mutual funds</b>		
250,404 (Previous year 250,404) units of face value of ₹ 10 each of ICICI Prudential Flexible Income Premium Growth	2.54	2.54
3,176 (Previous year 3,176) units of face value of ₹100 each of Taurus Short Term Income Fund - Growth Plan	5.50	5.50
	<b>8.04</b>	<b>8.04</b>
Aggregate amount of Quoted investment	8.04	8.04
Market value of quoted investment	12.56	11.61

## 21. INVENTORIES

(Valued at lower of cost or net realisable value)

	(₹ million)	
	March 31, 2016	March 31, 2015
Stores and spares	191.45	140.03
	<b>191.45</b>	<b>140.03</b>

## 22 TRADE RECEIVABLES

	(₹ million)	
	March 31, 2016	March 31, 2015
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	1,174.35	684.29
Unsecured, considered doubtful	1,100.23	962.08
	<b>2,274.59</b>	<b>1,646.37</b>
Less: Provision for doubtful debts	1,100.23	962.08
	<b>1,174.35</b>	<b>684.29</b>
<b>Other receivables</b>		
Unsecured, considered good	2,468.98	2,599.20
Unsecured, considered doubtful	4.90	5.85
	2,473.88	2,605.05
Less: Provision for doubtful debts	4.90	5.85
	<b>2,468.98</b>	<b>2,599.20</b>
	<b>3,643.33</b>	<b>3,283.49</b>

**23 CASH AND BANK BALANCES**

(₹ million)

	Non-current		Current	
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
<b>Cash and cash equivalents</b>				
Cash on hand	-	87.95	-	54.29
Cheques in hand	-	1,786.70	-	532.59
Balances with banks:				
On current accounts	-	288.25	-	1,492.69
Deposits with original maturity of less than three months	-	1,515.32	-	2,218.10
	-	<b>3,678.22</b>	-	<b>4,297.67</b>
<b>Other bank balances</b>				
Deposits with original maturity of more than 3 months but less than 12 months and residual maturity of less than 12 months	-	49.28	-	39.39
Margin money deposit (pledged) and deposit with statutory authorities	21.55	-	574.29	-
	21.55	49.28	574.29	39.39
Amount disclosed under non-current assets (note 18)	21.55	-	574.29	-
	-	<b>3,727.50</b>	-	<b>4,337.06</b>

**24 REVENUE FROM OPERATIONS**

(₹ million)

	March 31, 2016	March 31, 2015
Sale of services		
Subscription income	6,098.02	5,578.60
Advertisement income	319.74	178.36
Carriage income	2,568.28	2,489.75
Activation and Set top boxes pairing charges	2,134.90	624.48
Other operating revenue		
Sale of traded goods*	417.68	20.35
Lease rental charges	23.80	27.45
Other networking and management income	325.37	139.99
Scrap sales	1.39	0.31
	<b>11,889.18</b>	<b>9,059.29</b>
<b>* Details of sale of traded goods</b>		
Set top box and viewing cards	410.70	19.75
Spares parts	6.98	0.60
	<b>417.68</b>	<b>20.35</b>

## 25 OTHER INCOME

	(₹ million)	
	March 31, 2016	March 31, 2015
Interest income on		
Bank deposits	133.50	63.28
Others	13.87	7.21
Profit on sale of fixed assets	1.35	-
Excess provision written back	69.93	168.85
Other non-operating income	21.50	71.35
	<b>240.15</b>	<b>310.69</b>

## 26 COST OF MATERIALS CONSUMED-STORES AND SPARES

	(₹ million)	
	March 31, 2016	March 31, 2015
Opening stock	140.03	96.98
	140.03	96.98
Add : Purchases during the year	56.35	44.02
	56.35	44.02
Less : Closing stock	191.45	140.03
	191.45	140.03
	<b>4.93</b>	<b>0.97</b>

## 27 PURCHASES OF TRADED GOODS

	(₹ million)	
	March 31, 2016	March 31, 2015
Set top boxes	355.10	14.23
Viewing cards	21.66	1.87
	<b>376.76</b>	<b>16.10</b>

## 28 EMPLOYEE BENEFITS EXPENSE

	(₹ million)	
	March 31, 2016	March 31, 2015
Salaries, allowances and bonus	564.47	444.29
Contributions to provident and other funds	33.31	25.86
Staff welfare expenses	33.04	47.75
	<b>630.82</b>	<b>517.90</b>

## 29 FINANCE COSTS

	(₹ million)	
	March 31, 2016	March 31, 2015
Interest	1,105.03	967.41
Bank charges	224.90	212.00
Amortisation of borrowing and ancillary costs	48.27	29.42
	<b>1,378.20</b>	<b>1,208.83</b>



**30 DEPRECIATION AND AMORTISATION EXPENSE**

	(₹ million)	
	March 31, 2016	March 31, 2015
Depreciation of tangible assets (Refer note 14)	1,253.34	1,030.98
Amortisation of intangible assets (Refer note 15)	378.72	296.88
	<b>1,632.06</b>	<b>1,327.86</b>

**31 OTHER EXPENSES**

	(₹ million)	
	March 31, 2016	March 31, 2015
Rent	130.88	101.00
Rates and taxes	32.91	14.27
Communication expenses	27.72	19.04
Repairs and maintenance		
- Network	66.69	62.70
- Building	0.87	0.67
- Others	80.77	33.68
Electricity and water charges	59.59	52.25
Legal, professional and consultancy charges	117.70	79.32
Printing and stationery	11.72	7.65
Service charges	276.47	153.61
Travelling and conveyance expenses	66.77	52.06
Auditors' remuneration*	6.93	7.94
Vehicle expenses	24.43	30.63
Insurance expenses	4.21	3.38
Provision for doubtful debts*	260.34	114.16
Provision for doubtful advances	25.91	160.35
Loss on sale of assets (net)	-	9.51
Advertisement and publicity expenses	11.05	49.55
Commission charges and incentives	143.33	137.76
Bad debts	181.22	208.96
Program production expenses	47.62	25.24
Other operational cost	511.39	616.90
Business and sales promotion	23.36	33.98
Exchange fluctuation loss (net)	15.42	23.83
Miscellaneous expenses	74.04	44.03
	<b>2,201.34</b>	<b>2,042.47</b>
*Auditors' remuneration		
as an auditor	6.53	4.42
for other services	0.26	3.18
for reimbursement of expenses	0.14	0.34
	<b>6.93</b>	<b>7.94</b>

\*\* Provision for doubtful debts is net of write-back of liability in relation to specifically corresponding revenue sharing costs aggregating ₹ 20.52 million (Previous year ₹ 24.95 million).

### 32 EXCEPTIONAL ITEMS

	(₹ million)	
	March 31, 2016	March 31, 2015
Other <sup>^</sup>	(1.58)	(0.19)
	<b>(1.58)</b>	<b>(0.19)</b>

<sup>^</sup> Exceptional item for the year ended March 31, 2016, relates to carriage income of ₹ 2.78 million and pay channel expenses of ₹ 1.2 million and for the year ended March 31, 2015, related to carriage income of ₹ 0.19 million respectively.

### 33 LOSS PER SHARE

	(₹ million)	
	March 31, 2016	March 31, 2015
Loss attributable to equity shareholders	(17.10)	(1,090.99)
Number of weighted average equity shares		
Basic	691,866,629	617,952,314
Diluted	691,866,629	617,952,314
Effect of dilutive potential equity shares-		
Employee stock options	15,412	-
Warrants	1,643,836	-
Optionally fully convertible debentures	2,373,699	-
Nominal value of equity share (₹ 1)	1	1
Loss per share after exceptional item and after tax		
Basic	(0.02)	(1.77)
Diluted	(0.02)	(1.77)

<sup>-</sup>Effect of potential equity shares being anti-dilutive has not been considered while calculating diluted weighted average equity shares and earnings per share.

**34** In compliance with Accounting Standard – 21 “Consolidated Financial Statements” and Accounting Standard – 23 “Accounting for Investments in Associates in Consolidated Financial Statements” referred to in Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), the Parent Company has prepared the accompanying consolidated financial statements, which include the financial statements of the Parent Company, its subsidiaries and the results of operations of its associate as listed below:

Name of the subsidiaries	Country of incorporation	Percentage of ownership
Indian Cable Net Company Limited (hereinafter referred as “ICNCL”)*	India	60.02%
Central Bombay Cable Network Limited (hereinafter referred as “CBCNL”)	India	100.00%
Siticable Broadband South Limited (hereinafter referred as “SBSL”)	India	100.00%
Wire and Wireless Tisai Satellite Limited (hereinafter referred as “VWWTSL”)	India	51.00%
Master Channel Community Network Private Limited (hereinafter referred as “MCCNPL”)**	India	66.00%
Siti Vision Digital Media Private Limited (hereinafter referred as “SVDMPPL”)	India	51.00%
Siti Jind Digital Media Communications Private Limited (hereinafter referred as “SJDMCPL”)	India	51.00%
Siti Jai Maa Durgee Communications Private Limited (hereinafter referred as “SJMD CPL”)	India	51.00%
*Siti Bhatia Network Entertainment Private Limited (hereinafter referred as “SBNEPL”)	India	51.00%
Siti Jony Digital Cable Network Private Limited (hereinafter referred as “SJDCNPL”)	India	51.00%
Siti Krishna Digital Media Private Limited (hereinafter referred as “SKDMPL”)	India	51.00%

Name of the subsidiaries	Country of incorporation	Percentage of ownership
Siti Faction Digital Private Limited (hereinafter referred as "SFDPL")	India	51.00%
Siti Guntur Digital Network Private Limited (hereinafter referred as "SGDNPL")	India	74.00%
Siti Maurya Cable Net Private Limited (hereinafter referred as "SMCNPL") ***	India	50.10%
Siti Karnal Digital Media Network Private Limited (hereinafter referred as "SKDMNPL") w.e.f. February 02, 2015	India	51.00%
Siti Global Private Limited (hereinafter referred as "SGPL") w.e.f. June 20, 2014	India	51.00%
Siti Siri Digital Network Private Limited (hereinafter referred as "SDNPL") w.e.f. February 02, 2015	India	51.00%
Siti Broadband Services Private Limited (hereinafter referred as "SBSPL") w.e.f. July 19, 2014	India	100.00%
Siti Prime Uttaranchal Communication Private Limited (Formerly Known As Capital Digital Multimedia Network Private Limited) w.e.f. September 30, 2015 (hereinafter referred as "SPUCPL")	India	51.00%
Panchsheel Digital Communication Network Private Limited w.e.f. August 22, 2015 (hereinafter referred as "PDCNPL")	India	51.00%
Saistar Digitalmedia Private Limited w.e.f. February 12, 2016 (hereinafter referred as "SDPL")	India	51.00%
Bargachh Digital Communication Network Private Limited w.e.f. January 11, 2016 (hereinafter referred as "BDCNPL")	India	51.00%
Variety Entertainment Private Limited w.e.f. January 29, 2016 (hereinafter referred as "VEPL")	India	100.00%
Indinet Service Private Limited w.e.f. August 19, 2015 (hereinafter referred as "ISPL")***	India	100.00%
Axom Communications & Cable Private Limited w.e.f. March 31, 2016 (hereinafter referred as "ACCPL")***	India	50.00%

\*Include 0.30% held through CBNCL

\*\* Subsidiary of CBCNL

\*\*\* Subsidiary of ICNCL

Name of the associate	Country of incorporation	Percentage of ownership
Siti Chhattisgarh Multimedia Private Limited (hereinafter referred as "SCMPL")****	India	41.00%

\*\*\*\* Associate of SBNEPL

**35** In view of the mandatory digital addressable system ('DAS') regulation announced by the Government of India, digitisation of cable networks has been implemented in Phase 1, Phase 2 and Phase 3 cities effective November 1, 2012, April 1, 2013 and January 1, 2016 respectively. Owing to the initial delays in implementation of DAS in Phase 1, Phase 2 and Phase 3 cities and challenges faced by all the Multi-System Operators (MSOs) during transition from analogue business to DAS, the Group is in the process of implementation of revenue sharing contracts entered into with the local cable operators (LCOs). Accordingly, the Group has invoiced LCOs/subscribers and recognised subscription revenue under the new DAS regime amounting to ₹ 1,246.10 million (previous year ₹ 666.20 million) for year ended March 31, 2016, based on certain estimates (net basis) derived from market trends and ongoing discussion with the LCOs. Management is of the view that the execution /implementation of such contracts will not have a significant impact on the subscription revenue.

### 36 GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

#### Defined contribution plan

Contribution to defined contribution plan, recognised as expense for the year are as under :-

Employer's contribution to provident fund and other funds ₹ 33.31 million (Previous year ₹ 25.86 million).

### Defined benefit plan

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary of last drawn salary for each completed year of service. These benefits are unfunded except in case of ICNCL where the same are funded.

The following table summarises the components of net benefit expenses recognised in the statement of profit and loss and amounts recognised in the balance sheet for the respective plans.

### Expense recognised in consolidated statement of profit and loss

(₹ million)

	Gratuity	
	March 31, 2016	March 31, 2015
Current service cost	7.43	6.07
Interest cost on benefit obligation	2.49	1.88
Actuarial gain on plan assets	(0.42)	(0.26)
Net actuarial gain recognised in the year	0.80	3.11
Expenses recognised in consolidated statement of profit and loss	<b>10.30</b>	<b>10.79</b>
Actual return on plan assets	(0.42)	(0.26)

### Benefit asset/ liability

(₹ million)

	Gratuity	
	March 31, 2016	March 31, 2015
Present value of defined benefit obligation	36.49	(31.09)
Fair value of plan assets	5.55	4.60
Plan liability	<b>42.04</b>	<b>(26.49)</b>

### Changes in fair value of assets

(₹ million)

	March 31, 2016	March 31, 2015
At the beginning of the year	4.60	3.46
Fund converted old scheme	0.28	-
Expected return on plan assets	0.42	0.25
Actuarial gain on plan assets	(0.35)	0.01
Contribution by employer	0.63	0.90
Benefits paid	(0.03)	(0.02)
At the end of the year	<b>5.55</b>	<b>4.60</b>
Expected employer contribution next year#	0.70	0.90

# pertains to ICNCL only.

**Changes in the present value of the defined benefit obligation are as follows:**

(₹ million)

	Gratuity	
	March 31, 2016	March 31, 2015
Present value of defined benefit obligation at the beginning of the year	31.09	23.45
Current service cost	7.43	6.07
Interest cost	2.48	1.88
Benefits paid	(4.97)	(3.42)
Actuarial gain recognised during the year	0.46	3.11
Present value of defined benefit obligation at the end of the year *	<b>36.49</b>	<b>31.09</b>

**The principal assumptions used in determining present value of defined benefit obligation given below:**

(₹ million)

	Leave encashment		Gratuity	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Discount rate (per annum)	8.00% - 9.00%	8.00% - 9.00%	8.00% - 9.00%	8.00% - 9.00%
Rate of escalation in salary (per annum)	5.00% - 8.00%	5.00% - 8.00%	5.00% - 8.00%	5.00% - 8.00%
Rate of return of plan assets	8.75%	8.75%	8.75%	8.75%
Withdrawal rate (per annum)	2.00%	2.00%	2.00%	2.00%
Mortality rate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate

**Amounts for the current and previous four periods are as follows:**

(₹ million)

Gratuity	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation	36.49	31.09	23.45	20.38	14.22
Plan assets*	5.55	4.60	3.46	2.80	2.18
Net deficit	42.04	(26.49)	(19.99)	(17.58)	(12.04)
Experience adjustments on plan liabilities	0.02	0.02	0.02	1.07	1.70

\*pertains to ICNCL only.

### 37 EMPLOYEE STOCK OPTION PLAN

#### Employee Stock Option Plan –ESOP-2007

The Holding Company instituted the Employee Stock Option Plan – ESOP-2007 to grant equity based incentives to its eligible employees. The ESOP-2007 (“the Scheme”) has been approved by the Board of Directors of the Holding Company at their meeting held on June 27, 2007 and by the shareholders of the Holding Company by way of special resolution passed at their Annual General Meeting held on September 18, 2007 to grant 4,344,355 options (not exceeding 2% of the issued, subscribed and paid up equity share capital of the Holding Company as on March 31, 2007), representing one share for each option upon exercise by the employee of the Holding Company at an exercise price determined by the Board / remuneration committee. The Scheme covers grant of options to the specified permanent employees of the Holding Company and Directors of the Holding Company, whether whole time directors or otherwise as may be decided by the Board.

The options granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. Under the terms of the Scheme, 20% of the options will vest in the employee every year equally. The option grantee must exercise all vested options within a period of four years from the date of vesting. Once the options vest as per the Scheme, they would be exercisable by the option

grantee at any time and the shares arising on exercise of such options shall not be subject to any lock-in period.

#### Employee Stock Option Plan –ESOP-2015

The Holding instituted the Employee Stock Option Scheme -2015 (“SITI ESOP 2015” or “New Plan”) to grant equity based incentives to eligible employees. The SITI ESOP-2015 has been approved by the Board of Directors of the Company at their meeting held on May 28, 2015 and by the shareholders of the Company by way of special resolution passed at their Annual General Meeting held on August 27, 2015 to grant 33,881,656 options, representing one share for each option upon exercise by the eligible employee at an exercise price determined by the Board / remuneration committee.

The options granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. Under the terms of the Scheme 50%, 35% and 15% of the options will vest in the employee(s) after expiry of one year, two years and three years, respectively, from the date of grant of options. The option granted must exercise all vested options within a period of four years from the date of vesting and the shares arising on exercise of such options shall not be subject to any lock-in period.

#### The movement in the options granted to the employee during the year is set out below:

	Employee Stock Option Plan –ESOP-2015	Employee Stock Option Plan –ESOP-2007		
	New Plan	Plan 3	Plan 2	Plan 1
Date of grant	September 3, 2015	July 16, 2009	June 16, 2008	October 22, 2007
Date of Board approval	May 28, 2015	July 16, 2009	June 17, 2008	October 22, 2007
Date of shareholders' approval	August 27, 2015	October 22, 2009	August 17, 2009	September 18, 2007
Number of options granted	4,663,500	2,808,800	150,000	2,987,300
Method of settlement (cash/equity)	Equity	Equity	Equity	Equity
Vesting period	Five years	Five years	Five years	Five years
Exercise period	Four years	Four years	Four years	Four years

**The details of activity under New Plan have been summarised below:**

(₹ million)

	March 31, 2016		March 31, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	4,663,500	30.85	-	-
Expired/lapsed during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	4,663,500	30.85	-	-
Exercisable at the end of the year	-	-	-	-

**The details of activity under Plan 3 have been summarised below:**

(₹ million)

	March 31, 2016		March 31, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	-	-	479,300	17.45
Expired/lapsed during the year	-	-	283,540	17.45
Exercised during the year	-	-	195,760	17.45
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

There is no activity under Plan 2 during the current year and previous year.

**The details of activity under Plan 1 have been summarised below:**

(₹ million)

	March 31, 2016		March 31, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	-	-	172,600	20.00
Expired/lapsed during the year	-	-	122,680	-
Exercised during the year	-	-	49,920	20.00
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

**The details of exercise price for stock options outstanding as at March 31, 2016 :**

	New Plan
Number of options outstanding	4,663,500
Weighted average remaining contractual life of options (in years)	3 Years
Weighted average exercise price (₹)	30.85

**The details of exercise price for stock options outstanding as at March 31, 2015 :**

	Plan 1	Plan 3
Number of options outstanding	-	48,940
Weighted average remaining contractual life of options (in years)	-	1 year
Weighted average exercise price (₹)	20	17.45

**The details of cost recorded in the Consolidated statement of profit and loss under each plan is as follows:**

	(₹ million)	
	March 31, 2016	March 31, 2015
New Plan	30.35	-
Plan 3	-	-
Plan 2	-	-
Plan 1	-	-

### 38 LEASES

**Finance lease: Company as lessee**

Vehicles obtained on finance lease are for 4 years after which the legal title is passed to the lessee. There is no escalation clause in the lease agreement. There are no restrictions imposed by the lease arrangements. There are no subleases.

	(₹ million)			
	March 31, 2016		March 31, 2015	
	Minimum lease payments (MLP)	Present value of MLP	Minimum lease payments (MLP)	Present value of MLP
Within one year	0.80	0.69	1.18	1.16
After one year but not more than five years	0.86	0.78	1.27	0.99
More than five years	-	-	-	-
Total minimum lease payments	1.66	1.47	2.45	2.15
Less: amounts representing finance charges	0.19	-	0.30	-
Present value of minimum lease payments	1.47	1.47	2.15	2.15

Rental expense for operating leases for the years ended March 31, 2016 and March 31, 2015 was ₹ 130.88 million and ₹ 101.00 million respectively.

**In case of assets given on lease**

**Operating lease**

Set top boxes given under operating leases are capitalised at an amount equal to cost arrived and the rental income is recognised on equal monthly rental.



The Group has leased assets to its business associates and other parties by way of operating lease. The detail of gross book value of such assets, accumulated depreciation and depreciation for the year is as under.

Gross block as on March 31, 2016	Accumulated depreciation	Depreciation charged during the year
142.30	54.74	17.53

Gross block as on March 31, 2015	Accumulated depreciation	Depreciation charged during the year
142.30	37.21	17.26

**The total future minimum lease payment receivable under non cancellable operating lease is:**

	March 31, 2016	March 31, 2015
Lease payment for the year	30.00	30.00
Minimum lease payment not later than 1 year	30.00	30.00
Minimum lease payment later than 1 year but not later than 5 years	12.64	42.64
Minimum lease payment later than 5 years	-	-

(₹ million)

### 39 RELATED PARTY DISCLOSURES

#### (i) Names of related parties where control exists

##### Associate company

- Siti Chhattisgarh Multimedia Private Limited

#### (ii) Key Management Personnel

- Mr. Subhash Chandra, Director (till April 04, 2015) and Mr. V. D. Wadhwa, Executive Director and CEO

#### (iv) Enterprises owned or significantly influenced by key management personnel or their relatives

- Zee Entertainment Enterprises Limited
- Zee Media Corporation Limited (formerly known as Zee News Limited)
- Zee Turner Limited
- Essel International Limited
- Essel Media Ventures Limited
- Direct Media & Cable Private Limited
- Digital Satellite Media & Broadband Private Limited
- Arrow Media & Broadband Private Limited
- All India Digital Cable Federation

### Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

#### a. Sale/ purchase of goods and services

(₹ million)

	Year ended	Sale of goods and services	Purchase of traded goods	Balance owed by related parties	Balance owed to related parties
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>					
Zee Entertainment Enterprises Limited	March 31, 2016	342.52	5.61	7.51	26.18
	March 31, 2015	330.23	10.39	42.27	13.63
Zee Turner Limited	March 31, 2016	-	-	-	281.15
	March 31, 2015	-	-	0.21	281.15
Zee Media Corporation Limited	March 31, 2016	33.58	1.92	44.90	13.42
	March 31, 2015	37.50	1.83	18.63	11.49

#### b. Advances given and repayment thereof

	Year ended	Advances given	Repayment/ Adjustments	Balance owed by related parties
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>				
Zee Turner Limited	March 31, 2016	-	-	13.15
	March 31, 2015	-	-	13.15
All India Digital Cable Federation	March 31, 2016	3.04	-	3.04
	March 31, 2015	-	-	-

#### c. Expenditure paid by the Group on behalf of others and expenditure paid by others on behalf of the Company:

(₹ million)

	Expenditure paid by the Group on behalf of the others		Expenditure paid by others on behalf of the Group	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Zee Entertainment Enterprises Limited	2.60	3.03	8.12	15.75
All India Digital Cable Federation	3.04	-	-	-

#### d. Money received against preferential allotment

(₹ million)

	March 31, 2016	March 31, 2015
Direct Media & Cable Private Limited (allotment of warrants)	3,000.00	-
Digital Satellite Media & Broadband Private Limited (subscription of optionally fully convertible debentures)	1,800.00	-
Arrow Media & Broadband Private Limited (allotment of warrants)	500.00	-

**e. Equity shares issued against warrants and optionally fully convertible debentures**

	(₹ million)	
	March 31, 2016	March 31, 2015
Essel International Limited	-	57.72
Essel Media Ventures Limited	-	35.78
Digital Satellite Media & Broadband Private Limited	30.80	-
Direct Media & Cable Private Limited	85.71	-

**f. Balance outstanding against warrants**

	(₹ million)	
	March 31, 2016	March 31, 2015
Arrow Media & Broadband Private Limited	500.00	-

**g. Balance outstanding against optionally fully convertible debentures**

	(₹ million)	
	March 31, 2016	March 31, 2015
Digital Satellite Media & Broadband Private Limited	722.00	-

**h. Remuneration to key managerial personnel**

	(₹ million)	
	March 31, 2016	March 31, 2015
V. D. Wadhwa	18.09	20.90

**i. Purchase of services**

	(₹ million)	
	March 31, 2016	March 31, 2015
Relatives of KMP	5.58	4.42

**j. Corporate guarantee given by**

	(₹ million)	
	March 31, 2016	March 31, 2015
Zee Entertainment Enterprises Limited	629.90	610.00

**40 CAPITAL AND OTHER COMMITMENTS**

Estimated amount of contracts remaining to be executed and not provided for (net of advances) amounting to ₹ 228.18 million (Previous year ₹ 489.94 million).

#### 41 CONTINGENT LIABILITIES

- i) Claims against the Group not acknowledged as debts ₹ 46.52 million\* (Previous year ₹ 23.80 million).
- ii) Demands raised by the statutory authorities being contested by the Group ₹ 718.13 million\* (Previous year ₹ 523.01 million).
- iii) In case of ICNCL, counter bank guarantees in respect of outstanding bank guarantees and fixed deposit pledged ₹ 0.67 million (Previous year ₹ 0.67 million).

\* excludes pending cases including ones with business Associates/Statutory Authorities and where amount of liabilities is not ascertainable and immaterial.

**42** The Commercial Tax authorities, Government of West Bengal, by an order dated June 9, 2003, sought to impose sales tax, with retrospective effect from April 2, 1997, on ICNCL's income from cable TV services. ICNCL has filed an application before the Hon'ble West Bengal Taxation Tribunal on July 15, 2003, seeking, inter alia, that the aforesaid order be set aside. The Hon'ble West Bengal Taxation Tribunal by its order dated August 1, 2003 has directed that pending disposal of the application, assessment proceedings may continue but that no demand notice will be issued. The matter had come for hearing on several occasions but has been adjourned, pending State's submissions. In view of the fact that neither assessment proceedings have been completed nor demand notice has been issued, the alleged liability for Sales tax cannot be ascertained. Consequently no liability on account of sales tax has been recognised by ICNCL in the books of accounts.

#### 43 UNHEDGED FOREIGN CURRENCY EXPOSURE

Particulars of unhedged foreign currency exposure as at reporting date:

	March 31, 2016		March 31, 2015	
	USD million	₹ million	USD million	₹ million
Trade receivables for carriage income	0.09	6.03	0.38	23.59
Trade payables	0.21	13.66	0.68	42.65
Payable for fixed assets	99.34	6,589.48	18.60	1,164.27
Buyers' credit (Secured loan)	49.79	3,302.74	78.65	4,923.20

\* Closing rate as at March 31, 2016 (1 USD = ₹ 66.33 (March 31, 2015: 1 USD = ₹ 62.59))

#### 44 Expenditure in foreign currency (accrual basis)

Particulars	(₹ million)	
	March 31, 2016	March 31, 2015
Foreign travelling	3.11	1.38
Interest on buyer's credit	110.51	124.06
Other operational expenses	9.14	-
	<b>122.76</b>	<b>125.44</b>

**45 Earnings in foreign currency (accrual basis)**

(₹ million)		
Particulars	March 31, 2016	March 31, 2015
Carriage income	19.02	18.26
	<b>19.02</b>	<b>18.26</b>

**46 Value of imports calculated on CIF basis**

(₹ million)		
Particulars	March 31, 2016	March 31, 2015
Plant and machinery	37.04	125.53
Set top boxes and viewing cards	6,774.63	1,468.19
Software	147.52	80.85
	<b>6,959.19</b>	<b>1,674.57</b>

**47 RIGHTS ISSUE UTILISATION**

The Holding Company had during the year 2009-10 issued 236,222,285 equity shares of ₹ 1 each at a premium of ₹ 18 per share for cash to the existing equity shareholders of the Holding Company. Given below are the details of utilisation of proceeds raised through rights issue.

(₹ million)		
Particulars	March 31, 2016	March 31, 2015
Unutilised amount at the beginning of the year	75.87	75.87
Working capital requirements	10.07	
Acquisition of MSOs and LCOs	44.90	
General corporate purposes	20.90	
Unutilised amount at the end of the year	-	<b>75.87</b>

Unutilised amount was lying in deposit account with banks and since the money is fungible, utilisation has been linked with the payment made from a common bank account post transfer of fund from the bank account separately maintained for the receipt of right issue proceeds.

**48 UTILISATION OF PROCEEDS FROM QUALIFIED INSTITUTIONAL PLACEMENT (QIP)**

The Holding Company has during the year 2014-15 issued 63,174,540 equity shares of ₹ 1 each at a premium of ₹ 34 per share against QIP. Given below are the details of utilisation of proceeds raised through rights issue.

(₹ million)		
Particulars	March 31, 2016	March 31, 2015
Unutilised amount at the beginning of the year	2,194.01	-
Add:- amount received during the year	-	2,211.11
Less: amount utilised during the year		
Working capital	239.43	17.10
General corporate purposes	1,954.58	-
Unutilised amount at the end of the year	-	<b>2,194.01</b>

Unutilised amount was lying in deposit account with banks as at end of the previous year and since the money is fungible, utilisation has been linked with the payment made from a common bank account post transfer of fund from the bank account separately maintained for the receipt of QIP proceeds.

#### 49 UTILISATION OF PROCEEDS FROM PREFERENTIAL ALLOTMENT

The Company has issued 142,857,142 warrants at ₹ 35 per warrant during the year 2015-16. The Company has also issued Optionally Fully Convertible Debenture (OFCD's) 51,428,571 each at ₹ 35 per OFCDs during the year 2015-16. Given below are the details of utilisation of proceeds raised through preferential issue.

Particulars	(₹ million)	
	March 31, 2016	March 31, 2015
Unutilised amount at the beginning of the year	-	-
Add:- Amount received during the year	5,300.00	-
Less: Amount utilised during the year		
Repayments of debts of the Company	3,799.03	-
Capital expenditure	410.48	-
<b>Unutilised amount at the end of the year</b>	<b>1,090.49</b>	<b>-</b>

Unutilised amount is lying in deposit account with banks and since the money is fungible, utilisation has been linked with the payment made from a common bank account post transfer of fund from the bank account separately maintained for the receipt of preferential allotment proceeds.

Details of utilisation of proceeds of preferential allotment made during the year ended March 31, 2015:

Particulars	(₹ million)	
	March 31, 2016	March 31, 2015
Balance unutilised at the beginning of the previous year	-	1,842.80
Less: Utilised for capital expenditure and capital advances	-	1,842.80
<b>Balance unutilised at the end of the current year</b>	<b>-</b>	<b>-</b>

Unutilised amount is lying in deposit account with banks and since the money is fungible, utilisation has been linked with the payment made from a common bank account post transfer of fund from the bank account separately maintained for the receipt of preferential allotment proceeds.

- 50** The Group operates predominantly in single business segment of cable distribution in India only. Hence there are no separate reportable business or geographical segments as per Accounting Standard (AS-17) on Segment Reporting.
- 51** Prior period items, for the year ended March 31, 2016, relates to license fee of ₹ 21.76 million and carriage income of ₹ 0.65 million pertaining to financial year ended March 31, 2015.

- 52** Equity shares of ₹10 each fully paid up were to be allotted at the premium of ₹ 100 each by SVDMPPL in financial year ended March 31, 2014. The same have not been allotted during the financial year March 31, 2015 and money has been refunded.
- 53** Additional information, as required to Consolidated Financial Statements pursuant to Schedule III to the Companies Act, 2013.

**For the Financial year March 31, 2016**

Name of the entity	Net assets i.e., total assets minus total liabilities		Share of profit or loss	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount
SITI Cable Network Limited	109%	6,135.21	1358%	(232.07)
<b>Subsidiaries</b>				
Indian Cable Net Company Limited	59%	3,304.53	-562%	96.06
Central Bombay Cable Network Limited	0%	(16.03)	3%	(0.46)
Siticable Broadband South Limited	0%	(11.60)	27%	(4.58)
Wire and Wireless Tisai Satellite Limited	-1%	(76.53)	24%	(4.03)
Master Channel Community Network Private Limited	2%	107.55	-245%	41.88
Siti Vision Digital Media Private Limited	-1%	(71.47)	289%	(49.43)
Siti Jind Digital Media Communications Private Limited	0%	4.94	-1%	0.20
Siti Jai Maa Durgee Communications Private Limited	-1%	(64.39)	111%	(18.91)
Siti Bhatia Network Entertainment Private Limited	0%	(22.51)	-4%	0.73
Siti Jony Digital Cable Network Private Limited	0%	(0.69)	3%	(0.49)
Siti Krishna Digital Media Private Limited	0%	2.03	-6%	1.05
Siti Faction Digital Private Limited	0%	(9.38)	10%	(1.75)
Siti Guntur Digital Network Private Limited	0%	18.68	-37%	6.33
Siti Maurya Cable Net Private Limited	5%	257.06	-323%	55.26
Siti Karnal Digital Media Network Private Limited	0%	(19.75)	152%	(25.98)
Siti Global Private Limited	0%	(7.02)	14%	(2.44)
Siri Digital Network Private Limited	1%	40.38	-187%	32.03
Siti Broadband Services Private Limited	0%	4.58	-26%	4.53
Siti Prime Uttaranchal Communication Private Limited	1%	28.93	-23%	3.84
Panchsheel Digital Communication Network Private Limited	0%	1.14	-6%	1.06
Bargachh Digital Communication Network Private Limited	0%	2.55	-14%	2.45
Saistar Digitalmedia Private Limited	0%	(10.83)	74%	(12.70)
Variety Entertainment Private Limited	0%	(20.68)	20%	(3.50)
Indinet Service Private Limited	0%	0.02	0%	(0.08)
Axom Communication & Cable Private Limited	1%	46.99		
Minority interest in all subsidiaries	-14%	(805.36)	500%	(85.49)
Intra-group eliminations	-57%	(3,209.42)	-1050%	179.41

### For the Financial year March 31, 2015

Name of the entity	Net assets i.e., total assets minus total liabilities		Share of profit or loss	
	USD million	₹ million	USD million	₹ million
SITI Cable Network Limited	96%	1,765.33	108%	(1,177.57)
<b>Subsidiaries</b>				
Indian Cable Net Company Limited	175%	3,208.47	-12%	125.59
Central Bombay Cable Network Limited	-1%	(15.57)	0%	1.26
Siticable Broadband South Limited	0%	(7.01)	0%	(2.29)
Wire and Wireless Tisai Satellite Limited	-4%	(72.50)	0%	(2.92)
Master Channel Community Network Private Limited	4%	65.67	-3%	28.89
Siti Vision Digital Media Private Limited	-1%	(22.04)	1%	(10.90)
Siti Jind Digital Media Communications Private Limited	0%	4.74	0%	4.19
Siti Jai Maa Durgee Communications Private Limited	-2%	(45.48)	1%	(13.24)
Siti Bhatia Network Entertainment Private Limited	-1%	(23.23)	0%	3.79
Siti Jony Digital Cable Network Private Limited	0%	(0.20)	0%	0.72
Siti Krishna Digital Media Private Limited	0%	0.98	0%	0.13
Siti Faction Digital Private Limited	0%	(7.63)	0%	0.45
Siti Guntur Digital Network Private Limited	1%	12.35	-1%	6.52
Siti Maurya Cable Net Private Limited	8%	141.80	-2%	21.01
Siti Karnal Digital Media Network Private Limited	0%	6.24	-1%	6.14
Siti Global Private Limited	0%	(4.58)	0%	(4.68)
Siri Digital Network Private Limited	0%	8.35	-1%	8.27
Siti Broadband Services Private Limited	0%	0.07	0%	(0.04)
Minority interest in all subsidiaries	-37%	(677.60)	7%	(72.14)
Intra-group eliminations	-137%	(2,508.71)	1%	(14.16)

Note : The information in respect of above entities is extracted from their respective financial statements, which have been subject to audit by their respective auditors.



**54 INFORMATION UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013**

There are no investments or loan given or gurantee provided or security given by the Group other than the investments stated under note 17 and note 20 in these Consolidated Financial Statements , which have been made predominantly for the purpose of business and parking excess funds available.

**55** As approved by the Shareholders, on the basis of recommendation of Nomination and Remuneration Committee, the remuneration paid to CEO and Executive Director of the Company exceeds the prescribed limits under the Companies Act, 2013 by ₹ 4.1 million, for which necessary representation for reconsidering the application has been submitted before Central Government and approval is awaited for the same.

**56** Previous year amounts have been regrouped/ reclassified wherever necessary.

This is the Summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants

per **Rajni Mundra**  
Partner

Place : New Delhi  
Date : May 25, 2016

For and on behalf of the Board of Directors of  
SITI Cable Network Limited

**V D Wadhwa**  
Executive Director and CEO  
DIN 00439684

**Anil Jain**  
Head-Finance and accounts

**B K Syngal**  
Director  
DIN 00002395

**Suresh Kumar**  
Company Secretary  
M No ACS 14390





## **SITI NETWORKS LIMITED**

(Formerly Known as Siti Cable Network Limited)

Regd. Office: 4th Floor, Madhu Industrial Estate, Pandurang Budhkar Marg, Worli, Mumbai 400013

Tel.: +91 22 43605555 Email:- [csandlegal@sitinetworks.com](mailto:csandlegal@sitinetworks.com)

CIN:- L64200MH2006PLC160733 Website : [www.sitinetworks.com](http://www.sitinetworks.com)

### **ATTENDANCE SLIP**

#### **10th Annual General Meeting**

I/We hereby record my presence at the 10th Annual General Meeting of the Company at "Hall of Culture", Nehru Center, Dr. Annie Besant Road, Worli, Mumbai - 400 018 on Tuesday, the 27th day of September, 2016 at 3:30 p.m.



\_\_\_\_\_  
Name of Shareholder/Proxy: (IN BLOCK LETTERS)

\_\_\_\_\_  
Signature of Shareholder/Proxy

Folio No. \_\_\_\_\_

Client ID# \_\_\_\_\_

D.P. I.D. \_\_\_\_\_

No. of Shares: \_\_\_\_\_

# (Applicable for shareholders holding shares in dematerialised form)





# SITI NETWORKS LIMITED

(Formerly Known as Siti Cable Network Limited)

Regd. Office: 4th Floor, Madhu Industrial Estate, Pandurang Budhkar Marg, Worli, Mumbai 400013

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CIN:- L64200MH2006PLC160733 Website : [www.sitinetworks.com](http://www.sitinetworks.com)

## PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies

(Management Administration) Rules, 2014)

### 10th Annual General Meeting

Name of Member(s) : .....

Registered address : .....

E-mail Id : .....

Folio No./DP ID No./ Client ID No. : .....

1/We, being the member(s) of.....Shares of Siti Networks Limited, hereby appoint

1. Name:.....E-mail Id:.....

Address:.....

.....Signature:.....or failing him

2. Name:.....E-mail Id:.....

Address:.....

.....Signature:.....or failing him

3. Name:.....E-mail Id:.....

Address:.....

.....Signature:.....or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 10th Annual General Meeting of the Company to be held on Tuesday, 27th day of September, 2016 at 3.30 p.m. at "Hall of Culture", Nehru Center, Dr. Annie Besant Road, Worli, Mumbai - 400 018 and at any adjournment (s) thereof in respect of such resolutions as are indicated below:

I wish my above proxy to vote in the manner as indicated in the box below:

Resolutions	For	Against
<b>Ordinary Business</b>		
1. Adoption of Audited Financial Statements of the Company on a standalone and consolidated basis for the financial year ended March 31, 2016 including the Balance Sheet, Statement of Profit & Loss and the Reports of the Auditors and Directors thereon.		
2. Ratification of appointment of M/s. Walker Chandio & Co. LLP, Chartered Accountants, New Delhi, as the Statutory Auditors to carry out the Statutory Audit for the Financial Year 2016-17 and to fix the remuneration.		
<b>Special Business</b>		
3. Re-appointment of Mr. B. K. Syngal as an Independent Director for second term.		
4. Re-appointment of Mr. Vinod Kumar Bakshi as an Independent Director for second term.		
5. Re-appointment of Mr. Sureshkumar Agarwal as an Independent Director for second term.		
6. Appointment of Mr. Sandeep Khurana as Director, liable to retire by rotation.		
7. Alter and adopt new set of Articles of Association to align it with the Companies Act, 2013.		
8. Maintenance of register of members at the office of Registrar & Share Transfer Agent instead of Registered office of the Company.		
9. Raising of funds by issue of Equity Shares or securities convertible into Equity Shares, in one or more tranches, so that the total amount raised through such issue(s) of Securities shall not exceed Rupee equivalent of USD 100 Million.		
10. Declassification of Mr. Laxmi Narain Goel, Mr. Jawahar Lal Goel, Mr. Ashok Kumar Goel along with their respective family members and persons acting in concert with them, as "Promoters" of the Company and persons acting in concert with them.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Signature of Shareholder \_\_\_\_\_ Signature of Proxyholder(s) \_\_\_\_\_

**Note: This form in order to be effective should be duly completed and deposited at the Registered Office of the Company at 4th Floor, Madhu Industrial Estate, Pandurang Budhkar Marg, Worli, Mumbai 400013, not less than 48 hours before the commencement of the Meeting.**

# ROUTE MAP TO THE VENUE OF THE 10TH ANNUAL GENERAL MEETING OF SITI NETWORKS LIMITED

'Hall of Culture', Nehru Center,

Dr. Annie Besant Road, Worli, Mumbai – 400018



 SITI Networks Limited  
 Nehru Center





**SITI NETWORKS LIMITED**

Madhu Industrial Estate, 4th Floor  
Pandurang Budhkar, Worli, Mumbai - 400013

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