


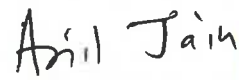





**FORM A**

**Format of covering letter of the annual audit report to be filed with the stock exchanges**

1.	Name of the Company:	SITICable Network Limited
2.	Annual financial statements for the year ended	31 March 2015
3.	Type of audit observation	Unqualified
4.	Frequency of observation	Not applicable
5.	To be signed by- <ul style="list-style-type: none"> <li>Executive Director and Chief Executive Officer <b>V D Wadhwa</b></li> <li>Head – Finance &amp; Accounts <b>Anil Jain</b></li> <li>Auditor of the Company:   <i>Walker Chandiook &amp; Co LLP</i>  <b>For Walker Chandiook &amp; Co LLP</b>  <i>(formerly Walker, Chandiook &amp; Co)</i>  Chartered Accountants  Firm Registration No.: 001076N/N500013   <i>Rajni Mundra</i>  per <b>Rajni Mundra</b>  Partner  Membership No.: 58644  </li> <li>Audit Committee Chairman <b>B.K. Syngal</b></li> </ul> <p>Place: New Delhi Date: August 4 2015</p>	     



**REACHING FARTHER.  
GETTING CLOSER.**  
**Investing in the Future.**

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Attendance Slip  
Proxy Form





Vision



# GAINING INDUSTRY LEADERSHIP



**'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.'**

# Growing a Sustainable Business

Siti Cable Network Limited is one of India's leading Multi-System Operator (MSO) providing digital/analog cable tv and broadband services.

We are a part of an USD 8 Billion\* Essel Group that has a strong presence across the media industry and interests in infrastructure, education, packaging, precious metals, gaming, theme parks and health, lifestyle & wellness. The group is one of the leading producers, content aggregators and distributors of Indian programming globally; and has a presence in over 169 countries with a strong bouquet of channels.

Being an Essel Group company, Siti Cable is in a unique advantageous position. We are the only MSO who is vertically integrated with a broadcasting group which has one of the largest bouquets in the country.

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.

The Company expanded presence from 60 cities in 2012-13 to 130 cities in 2014-15; and plans to expand to over 200 cities by December 2015

which is the regulatory timeline for shutdown of analog cable in phase 3 areas.

For Siti Cable, reaching farther is not just about expanding the physical spread but also about deepening the relationships with customers by being close to their lives and enabling digital empowerment.

World over consumer habits are changing with more and more consumers moving from a linear viewing experience to on demand content. This movement is also leading to an implosion in data consumption. India is an under-penetrated market for broadband services with consumer ARPU significantly higher than video.

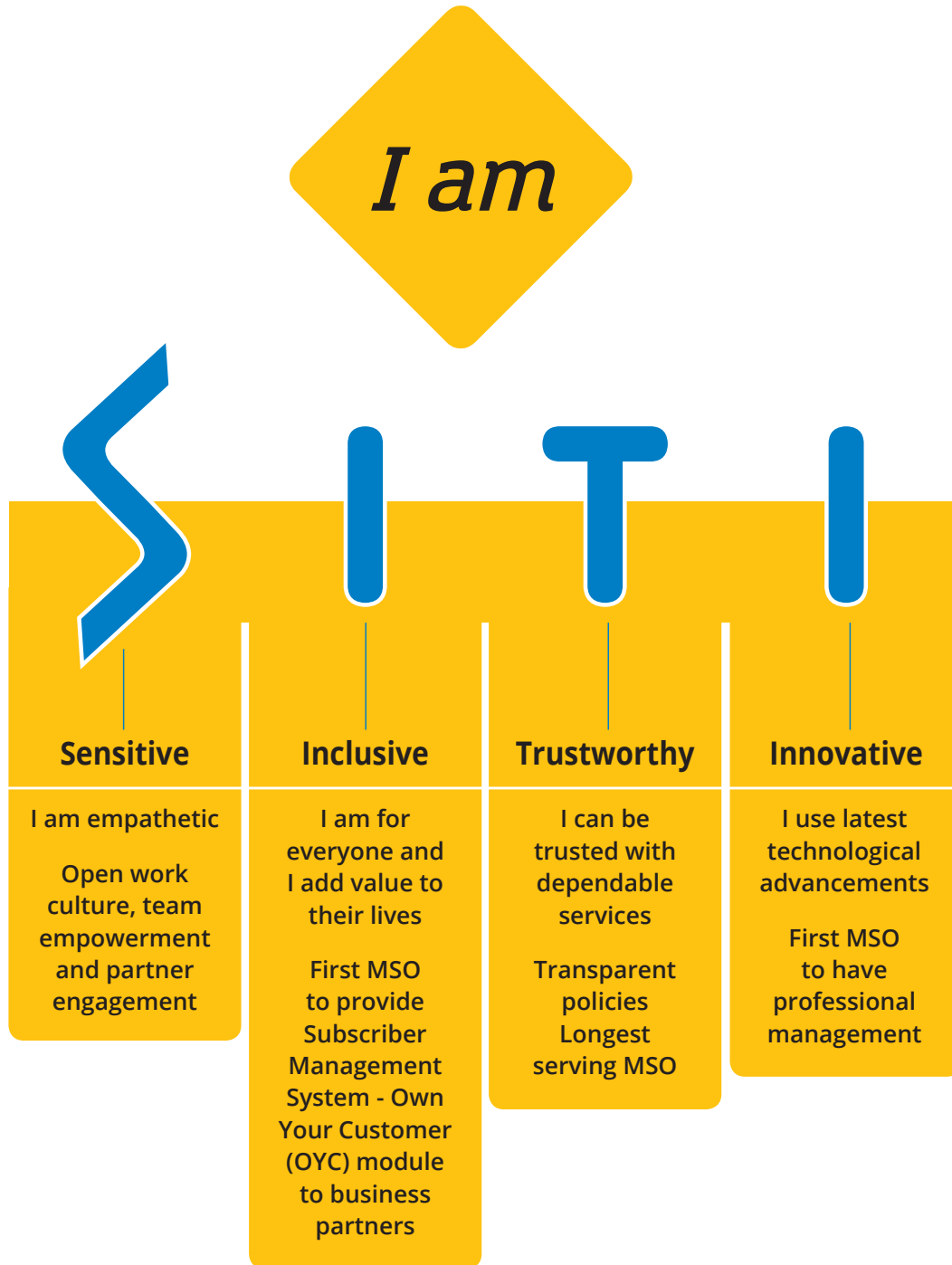
With over 10 million connectable households, we have the unique advantage of existing infrastructure and relationships with partners to be a potent force in the expanding broadband landscape of India. To build on to this advantage, we are also investing in technology and human capital to transform into a leading broadband service provider preferred by our consumers.

**10.5 Mn**  
Video Subscribers

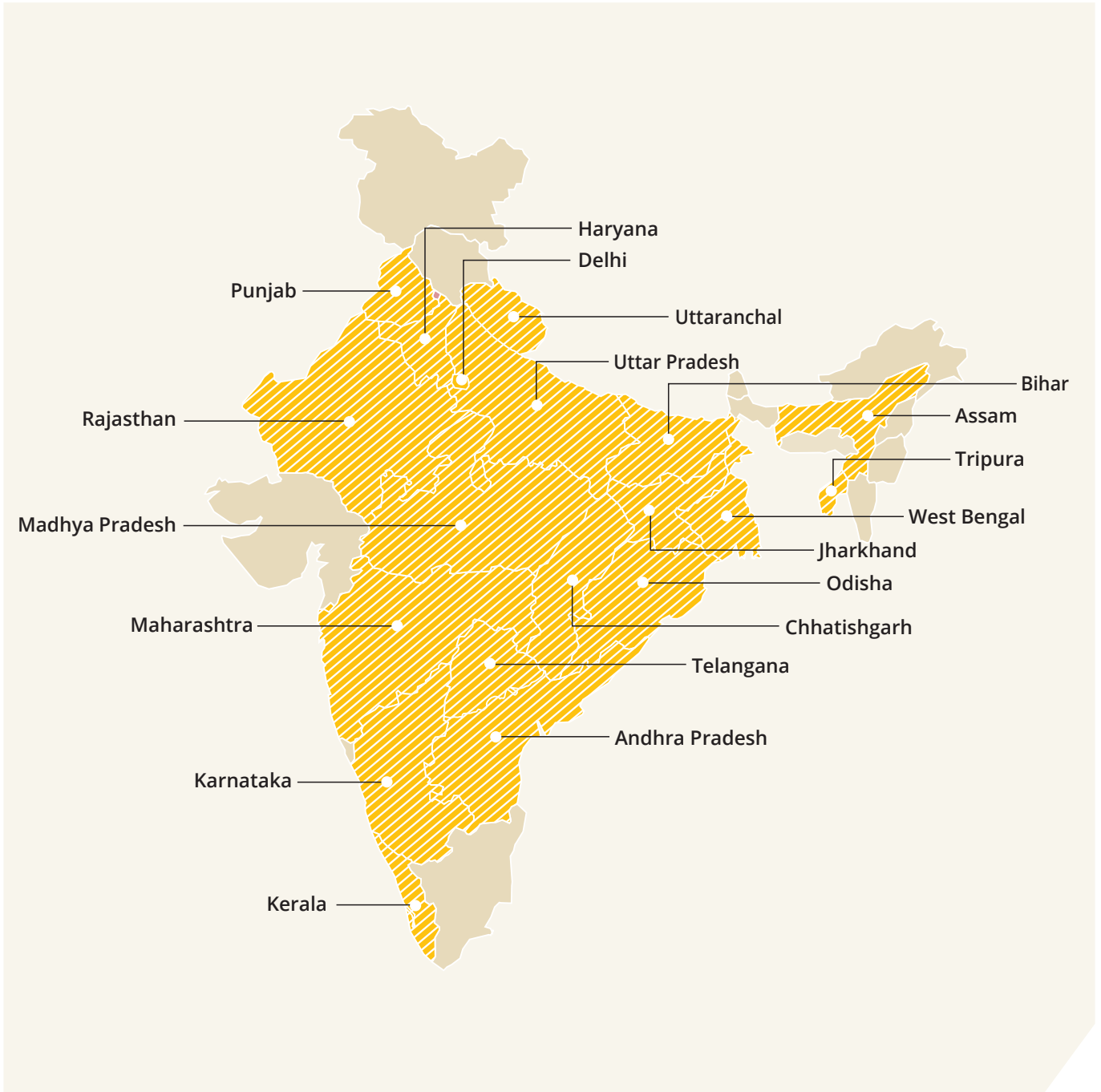
The Company expanded presence from 60 cities in 2012-13 to 130 cities in 2014-15; and plans to expand to over 200 cities by December 2015 which is the regulatory timeline for shutdown of analog cable in phase 3 areas.

**70,100**  
Internet Subscribers

\* As per the Market Cap of the listed entities under the Parent Group as on June 29, 2015



# India Loves SITI Cable



# Our Growth Story

## 2006

- Wire and Wireless (India) Ltd. incorporated

## 2007

- Implemented CAS in metros of Delhi, Mumbai, Kolkata and Chennai

## 2008

- Initiated mass digitisation through Headend-in-the-Sky (HITS) Services

## 2009

- Rights issue of ₹ 4,500 million fully subscribed

## 2010

- India's largest Multi System Operator (MSO) in the cable industry

## 2011

- Spread across 54 key cities

## 2012

- DAS implemented in Phase-1 Cities; Delhi, Mumbai and Kolkata
- Offered 400 Standard Definition (SD) channels
- Consolidated pan-India presence through strategic expansions in Uttar Pradesh and Central India
- Broadband started in eastern region on EOC Technology

## 2013

- DAS implemented in Phase-2 cities
- Operationalised 'Own Your Customer' Customer Management System
- Achieved 3 million digital subscriber base
- Fund infusion of ₹ 3,240 million by promoters

## 2014

- Achieved 4 million digital subscriber base
- Broadband launched in Delhi on DOCSIS2/3 technology
- Package-wise billing started in DAS Phase 1 cities
- Started providing 18 HD channels

## 2015

- Successfully raised ₹ 2,210 million from the secondary market through the QIP route in February 2015; marquee investors included HDFC, UBS, Reliance Mutual Fund and others
- Digital cable subscribers at 5.38 million with a cable universe of 10.5 million; internet subscribers at 70,100
- Providing 500 SD and 30+ HD channels
- Ready to roll out cable operations in 70 more cities and broadband services in 8 cities



# Our Competitive Edge



## Part of an USD 8 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 Cable (India's oldest and third largest MSO), as well as print (National English newspaper)
- ▶ Fully-integrated presence across the media value chain and access to Group synergies and media library
- ▶ 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 infrastructure



## Strong adherence to regulatory compliance

- ▶ 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
- ▶ LCO Interconnect Agreements signed and revenue share with LCOs



## Talented and seasoned management team

- ▶ Our people maintain high level of professionalism and corporate integrity
- ▶ They are empowered to make real-time proactive decisions and respond to emerging opportunities and challenges
- ▶ Strong consumer orientation, hired from industries, such as telecom, FMCG and consumer durables to ensure that Siti Cable imbibes the ethos of a consumer centric company as opposed to a business-to-business enterprise
- ▶ Siti Cable has completely revamped its senior management team. Today, we have people with a variety of experience who help inculcate new systems and processes, and ensuring a continuity of the corporate culture at the same time
- ▶ The cross pollination of ideas and learnings from diverse industries allows Siti Cable to appreciate and anticipate customer needs better and respond to them proactively
- ▶ We have streamlined the operations of our subsidiaries in the nine zones we operate in, and now have a robust management structure that ensures efficient operations

\* As per the Market Cap of the listed entities under the Parent Group as on June 29, 2015



### Corporate Governance

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



### Established relationship with industry leading suppliers

- Head-ends and servers from leading suppliers, such as Tandberg, Harmonic, Cisco and HCL.
- Software/SMS from Elitecore, Zee Turner, SAP



### Differentiated consumer experience

- Implemented the 'own your customer' ('OYC') subscriber management system for real-time access of subscriber billings, payments, account statements, activation, de-activation, up-gradation, down gradation, packaging and monthly collections at the business partner's end
- Educating subscribers about their rights and options in relation to fostering the B2C model in line with regulatory requirements
- Have set up two call centres in Noida and Kolkata for efficient customer service and have provided toll free access for our customers



Cable subscribers

10.5 Mn



Digital cable subscribers

5.38 Mn



Internet subscribers

70,100



India household reach

5%



Presence

130 cities



Broadband presence

5 cities

# 2014-15 : Operational Highlights



## Expanded Footprint

### Digital Cable

- ▶ Entered into new cities, such as Nagpur, Pune, Mysore and Dehradun
- ▶ Made inroads in towns coming under the ambit of Phase-3 rollout plan in states, such as Kerala, Madhya Pradesh, Maharashtra, Andhra Pradesh and Haryana

### Broadband

- ▶ Launched high speed internet services through DOCSIS 3.0 platform on our cable network in Delhi/NCR with an internet speed ranging from 5 Mbps to 100 Mbps with a data plan policy of up to 100 GB

## Upgraded Infrastructure

- ▶ Newly installed 6 state of the art headends for future ready technology offering 500 SD and 30+ HD channels
- ▶ Introduced innovative advertising through the STB

## Launching New Channels

- ▶ Launched four in-house channels, viz. SITI Shopping, SITI Romance, SITI Events and SITI Cinema
- ▶ Offered sports and other select content channels on 'a-la-carte' basis to subscribers

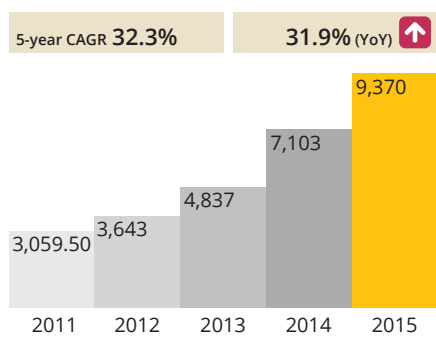
## Awards and Accolades

Awarded at the 6th BCS Ratna which is the most prestigious industry felicitation

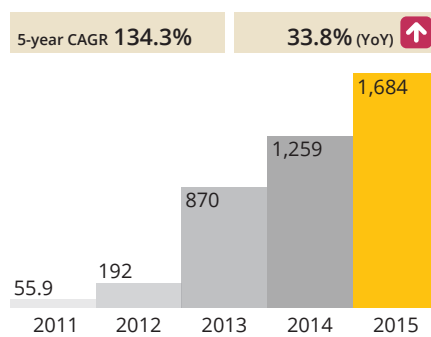
- ▶ Recognised as the Most Outstanding MSO in the implementation of DAS policies, for strict adherence to regulatory and tax compliances
- ▶ Recognised for our outstanding performance in managing LCO Networks

# Financial Highlights

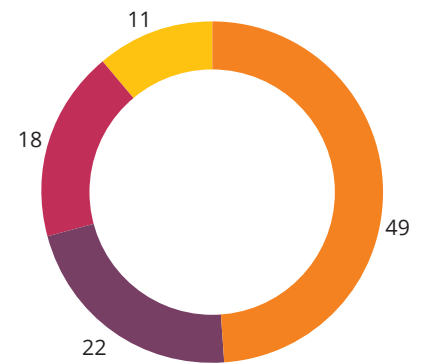
## Revenue (₹ million)



## EBIDTA (₹ million)

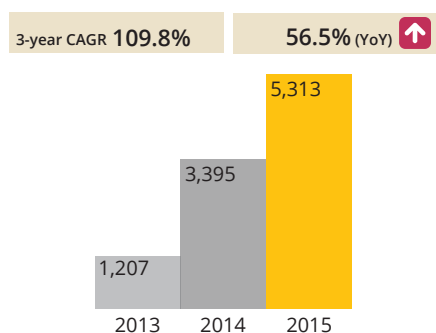


## Cable Subscriber Universe (%)

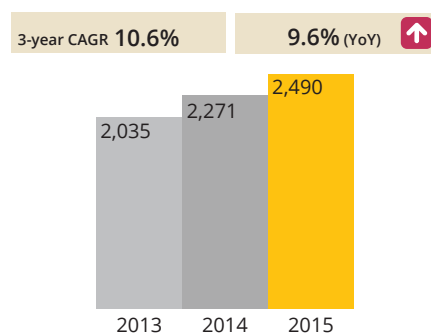


- Analog **5.1 Mn**
- DAS1 **2.3 Mn**
- DAS2 **1.9 Mn**
- DAS3 **1.2 Mn**

## Subscription Income (₹ million)



## Carriage Income (₹ million)



## Message from our Chief Patron



Dear Shareholders,

I am pleased to report to you that your Company has performed impressively in 2014-15.

During the year, the new government at the Centre took several praiseworthy initiatives to resurrect business sentiment, attract new investments, create new jobs and boost consumption. These initiatives have paved the way for the green shoots of growth to emerge across all sectors of the economy. Although there are legacy challenges, India has the potential to grow much faster and uplift the quality of life of millions of people. The growth of Media and Entertainment (M&E) has a strong correlation with the growth of the economy and increase in discretionary spending. Therefore, in an aspiring society like India with growing earnings across all sections of society, the M&E industry has a great future ahead.

India's M&E industry in general and television industry in particular is going through a rapid transformation. Increasing adoption of smart devices and digitisation of the cable industry is fast transforming the manner in which the content is consumed. There is a growing shift from a passive linear television viewership to an active non-linear platform independent consumption.

**There is a growing shift from a passive linear television viewership to an active non-linear platform independent consumption.**

**We are investing in infrastructure, talent and technology to sustain our industry leadership. We are seeing a larger role for ourselves in a progressive and digitally empowered society, and are committed to create sustainable value for all stakeholders.**

With the underlying content remaining the same, the consumption pattern is shifting from push to pull and the viewership from a single platform to multi-platform. This has provided many new growth opportunities for players like us. We are witnessing a growing demand of complementary services, such as broadband, Video on Demand (VoD), Movie on Demand (MoD). The incremental cost of providing these services is comparatively lower, and hence with their addition to our revenue streams, our profit margins are bound to increase significantly.

During the year, we continued to invest in the future, to expand our reach and to get closer to our subscribers and business partners. In line with the Government's digital cable roll out plan, we expanded our footprint across India and entered into many new states and cities during the year.

Considering the changing consumer behavior and need for speed and superior services in a platform neutral environment, it is our vision to completely transform Siti Cable to a Broadband company by year 2020 by leveraging on our existing infrastructure while building on technology and human capital to support the transformation.

We are investing in infrastructure, talent and technology to sustain our industry leadership. We are seeing a larger role for ourselves in a progressive and digitally empowered

society, and are committed to create sustainable value for all stakeholders.

Before concluding, I thank all of you for your trust and support that has helped your Company emerge as one of the leading MSOs in India.

I look forward to your continued support and goodwill, in the evolution of our company as a leading broadband service provider.

Best Wishes,

**Dr. Subhash Chandra**

**In line with the Government's digital cable roll out plan, we expanded our footprint across India and entered into many new states and cities during the year.**

**We are witnessing a growing demand of complementary services, such as broadband, Video on Demand (VoD), Movie on Demand (MoD).**

## Executive Director & CEO's Message

**2014-15 was an important year in our endeavour to strengthen the Company's business model. During the year, we continued to make investments that will improve our revenue mix and help us deliver sustainable and profitable growth. Backed by a focused strategy and fructification of investments, our revenues grew by 31.9% to ₹ 9,370 million, helped by a strong 56.5% growth in subscription income to ₹ 5,313 million, while our EBITDA grew by 33.75% to ₹ 1,684 million. Our core operating EBITDA grew by a strong 133.6% to ₹ 1,060 million aided by a 491 bps margin expansion.**



Digitisation has not only opened the entire cable distribution market to us, but has also created a market for new services such as broadband. Our broadband business has the potential to exceed the size of our digital cable business over the next few years. Given our business insight of the sector, and leading presence of our Group across the entire M&E industry value chain, we are one of the best placed companies to take advantage of this opportunity. We are getting into broadband services to keep pace with changing consumer preferences in favour of viewing content in a non-linear manner.

We are currently in the investment phase and see our investments peaking out in 2015-16. The investments we plan to undertake in the current year are largely towards the cable side of the business and post digitization, this transformational capital expenditure will yield a stable

perpetuity business generating substantial cash flows with an upward bias. On the broadband side, investments are going to be staggered over a three year time frame as we endeavour to evolve to a dual play service provider.

During this period, we expect to see consistently strong growth in our revenues and operating profits. Once a critical mass is reached, these investments will start paying back in the form of attractive shareholder returns. The inherent advantage of our business model is that it allows us to offer 'Triple Play' services eventually.

Broadband services are expected to see an exponential increase in demand. India's broadband penetration and data usage while growing exponentially is just a fraction of the global average. Cisco projects that in the next five years, the number

of households generating more than 50 GB per month of data will increase to 27x. Similarly, it projects a 2.9x increase in average speed, from 4.0 Mbps to 11.6 Mbps.

We provide broadband through two technologies viz. EOC and DOCSIS, each catering to a specific segment of consumers. While EOC can deliver internet speed upto 10 Mbps with DOCSIS we can deliver internet speed up to 100 Mbps. We continue to selectively launch these two technologies in our focus markets based on the current and anticipated demand.

We are currently providing internet connectivity on DOCSIS in NCR and on other technologies in various cities. In the current financial year, we further plan to take our broadband services to select major cities across India.

In terms of ARPU Growth on the Cable Business, the additional flexibility provided by digital cable to consumers, such as selection of channels on an 'a-la-carte' basis or choosing specific packages, has helped improve our ARPUs. The expansion into broadband services is ongoing and will make us well placed to offer various Value Added Services (VAS), which will provide a further upside to ARPUs. While consumer ARPU growth has fallen short of our expectation, we expect further industry consolidation and look forward to working jointly with our peers to improve monetization levels.

From a regional expansion perspective, while we continue to expand across India, we plan to maintain a strong focus on select geographies that offer better opportunities for profitable growth. A concentrated subscriber base allows us to get a more competitive content price, better carriage deals and reduce our cost to service our customers.

In line with our transition from a B2B to a B2C company, we have added new touch points such as an online interface and call centres to increase our connect with the consumers. While digital cable enables us to provide regional packages across different markets, we are providing additional bespoke, exclusive and localised channels to our subscribers.

Your company has been at the forefront in bringing together like minded MSOs to institutionalize best practices and policies and actively engage the Sector Regulator in an effective manner for the healthy growth of the sector. Our efforts have manifested in the formation of the All India Digital Cable Federation (AIDCF), which is the recognized industry body for the sector.

While certain business challenges such as monetization and content cost optimization remain, your company continues to engage all stakeholders in the value chain and work on these areas of improvement. In these aspects, India is where the US was 15 years ago and we are confident that as the Industry

becomes more mature, these issues will fade away. With MSOs doing most of the ground work and capital expenditure for digitization, the expectation from the broadcasting fraternity is for their support in completion of digitization in the next 24 months, for long term benefits of all shareholders.

As a nation, our digitisation drive has just started and we have a long way to go. The opportunities are immense and the future looks promising. At SITI Cable, we remain committed to serve all our consumers better and would like to mention the extraordinary effort of our employees and partners to achieve the same.

I seek the support of our shareholders, customers, employees and the larger stakeholder fraternity to drive our future growth.

Best Wishes,

**V D Wadhwa**

Executive Director & CEO



# Profiles of the Board of Directors

## 1

### **Subodh Kumar**

IAS (Retd.), Non-Executive Director

Mr. Kumar's career in the Indian Administrative Service, spans 35 years. A 1977 batch IAS officer, he was the Municipal Commissioner of Greater Mumbai Municipal Corporation. He has also served in the Department of Telecommunication, Ministry of Industry, Ministry of Textile in the Government of India. He has served as Commissioner of Sales Tax, Commissioner of State Excise as well as Principal Secretary – Finance Department in the Government of Maharashtra. Besides being Director on Public Sector Undertakings, he had also been Managing Director of Maharashtra State Seeds Corporation. Mr. Kumar has had many noticeable contributions to the areas of his work and most notably making modifications to the Development Control Regulations thereby drastically reducing the manipulation in building industry.

Mr. Kumar holds M.Sc. in Physics and several diplomas and management certificates from IIM-A, IIM-B, IIM-C, Harvard Business School, IDS Sussex, IMF amongst other Ivy League institutions.

## 2

### **B K Syngal**

Non-Executive 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. In the international telecom arena, he has held the positions of Chairman, Commonwealth Telecommunications Organization (CTO) London, and Councilor for India INMARSAT Council, London and Governor, INTELSAT Board, Washington DC, among others. Mr. Syngal 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. 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.

## 3

### **Vinod Kumar Bakshi**

Non-Executive Independent Director

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 is also an ex-member of Central Film Censor Board.

4

**Sureshkumar Agarwal**

Non-Executive Independent Director

Mr. Agarwal is Managing Director and major shareholder of Super Dync Clothing Pvt. Ltd., Apart from textiles, Mr. Agarwal also has keen interest in steel. He is also an active member of the Lions Club of Millennium.

Mr. Agarwal is a Commerce Graduate from Haryana University.

5

**Kavita Kapahi**

Non-Executive Independent Director

Ms. Kapahi is an entrepreneur engaged in the Security & 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 & Surveillance Industry.

She is a Commerce Graduate from Bombay University.

6

**V D Wadhwa**

Executive Director &amp; CEO

Mr. Wadhwa has around 30 years of general management experience working in Indian and multinational organisations. In his previous assignment as MD & CEO of Timex Watches Limited (India and SAARC Countries), he was credited with profitable turnaround of Timex. He also established the retail chain of over 100 stores and e-commerce venture.

Mr. Wadhwa has played a pivotal role in structuring a new MSO alliance and is the elected President of All India Digital Cable Federation. The Federation represents the Indian Digital Cable TV industry in engaging with Ministries, Policy Makers, Regulators, Financial Institutions and Technical Bodies for the interest of the Industry.

Mr. Wadhwa is an alumnus of Harvard Business School and a member of the Institute of Company Secretaries of India. He has served on various committees of FICCI and Assocham.

## Senior Management Team



**V D Wadhwa**

Executive Director & CEO



**Vinay Chandhok**

COO - Operations (Video)



**Sanjeev Mahajan**

COO - Operations (Broadband)



**Anil Jhamb**

Chief Technology Officer,  
Broadband



**Sanjay Jindal**

Head - Projects



**Bibhash Jha**

Head, Content & Carriage



**Anil Malhotra**

COO - Strategy and Compliances



**Anil Jain**

Head, Finance



**Pankaj Dhingra**

Chief Human Resources Officer



**Saurabh Datta**

General Manager - Marketing



**Sanjay Arya**

VP - Technology (Video)



**Suresh Kumar**

Company Secretary and  
Compliance officer

**WE ARE IN STEP WITH A DIGITALLY-EMPOWERED INDIA, EMERGING AS AN INTEGRATED PLAYER IN A PLATFORM-INDEPENDENT ECOSYSTEM FOR CONTENT CONSUMPTION. WE ARE WORKING TOWARDS A BUSINESS PARADIGM IN WHICH A SIGNIFICANT PROPORTION OF OUR SUBSCRIBERS WILL LEVERAGE OUR BROADBAND CAPABILITIES.**



**OUR BRAND TRACTION IS GROWING  
EACH DAY WITH THE TRUST  
AND SUPPORT OF A GROWING  
FRATERNITY OF CONSUMERS AND  
BUSINESS PARTNERS ACROSS  
INDIA.**





# Expanding Our Boundaries Farther

As a futuristic company, we are focused on consistent expansion to touch more people and deliver differentiated content. With India's economic growth and burgeoning aspirations of people, we are optimistic of growing our brand presence into untapped lucrative markets.

**At SITI Cable, in line with the Government's digitisation rollout plan, we have entered into many such promising markets and are planning to foray into many more. We believe each of these markets offer a compelling long-term story. At the same time, without spreading ourselves too thin, we are concentrating our energies on a few selected regions and are focusing to serve them well.**

We meticulously gauge the potential of each market and devise an appropriate strategy to enter the right markets at the right time and in the right manner.

This helps us leverage our capital more effectively, have a shorter payback period and higher ROI potential on our investments.

We are the market leaders in Eastern part of the country and 2nd largest player in North, Central and South India. We will maintain and further grow our leadership position in East and occupy leadership position in NCR, Haryana, Andhra Pradesh, Madhya Pradesh and Chhattisgarh.

After successfully launching our DOCSIS based high-speed broadband business in Delhi, we plan to connect major metros and extensively focus in state of Haryana.

Over the next few years, we will continue to selectively expand into many new states to benefit from the first mover advantage. We grow by converting our existing analog subscribers to digital by putting STBs at their premises. Our inorganic growth is the result of the acquisition of regional MSOs and LCOs.

With many more cities yet to be digitised, we are committed to invest and expand our network, tap into new growth markets and increase our footprint. In the last two years, we have more than doubled our city-wise footprint in India. Over the next two years, we plan to touch 70 more cities, thereby expanding our presence over 200 cities across India.

**60**

**Cities we were present as on March 31, 2013**

**130**

**Cities we were present as on March 31, 2015**

**200+**

**Cities we expect to be present in by March 31, 2016**



A young man and woman are smiling and looking at a smartphone together. The woman is in the foreground, holding the phone, and the man is behind her, pointing at the screen. They are in a restaurant or cafe setting with a vase of pink flowers in the background.

# Touching More People Each Day

We are strengthening our relationships with millions of consumers each day. At the same time, we are taking along our business partners on our pathway to progress. Our reliable broadband speed and variety of infotainment options at reasonable costs are bringing us closer to a wide consumer cross-section.

**In a world of shifting eyeballs, consumer retention remains the biggest challenge and opportunity at the same time. Challenge because industry players have to learn to live with volatility and counter unpredictable headwinds brought about by emerging technologies and evolving preferences. Opportunity because such a scenario demands constant recalibration of strategies and strengthening of capacities and capabilities to remain a frontrunner.**

Therefore, we are targeting select geographies with advanced technology adoption, better service standards and a differentiated content mix. In addition, we are creating several new touch points to directly engage with our subscribers and to serve them better.

### Getting closer to our customers

- Implemented a subscriber management system that allows subscribers a real-time access to their respective account details
- Set up two state of the art call centres to provide superior service to our customers
- Implemented customer-centric key performance indicators internally and have put a grievance redressal system in place
- Entered into direct point agreements with select LCOs to acquire their cable TV business on a per STB basis and serve the subscribers directly

### Deepening relationships

A key element of our strategy is to provide more services to our existing clients as opposed to expanding our client base with a limited set of services and spreading ourselves thin. Our expanded service portfolio includes broadband services, HD content, premium channels and local channels. We also offer number of exclusive local channels. In addition to generating more revenue streams, a wider service gamut has resulted in a lower customer and LCO attrition.

### Driving subscriber engagement

SITI Cable owns and operates local brand television channels from its digital head-ends, which are telecasted exclusively on our cable distribution network. These channels are developed keeping in mind the overall preferences of our subscribers in each region. These channels in addition to entertaining our consumers, help us earn additional revenues in the form of advertisements and sponsorship rights.

In addition, every year, we take several initiatives to increase the level of our engagement with our subscribers. Through our LCOs we conduct several on-ground brand building and consumer awareness initiatives, such as demonstrating digital cable service to potential subscribers and also to help them understand their rights and options.

**5.38 Mn**  
Digital Subscribers

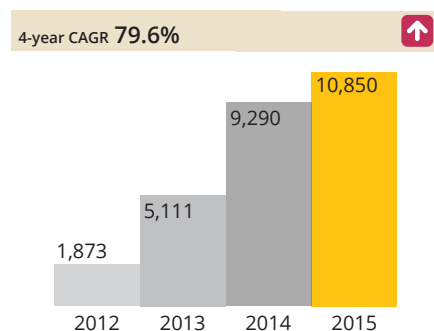


# Investing In Future Growth Avenues

We are investing to enhance our operational excellence in order to build a consistently value generating enterprise. Our objective is to emerge as a broadband centric company, where cable will be our secondary business, going forward. Talent, teamwork, technology and top-tier branding will play a key role in our long-term strategies for growth, amid shifting industry dynamics.

During the year, we further strengthened our leadership team by bringing onboard several senior members. We also expanded our sales team and added managers with an established track record across industries such telecom, FMCG and consumer durables. Besides, we conducted regular training programmes to enhance the capabilities of our employees. We also reinforced our partnership with LCOs and to help them better serve our consumers. Another important focus area has been to enhance our brand awareness and recall and to build robust technology infrastructure and processes.

#### Fixed assets growth reflecting increased investments (₹ million)



Our fixed assets have grown sharply at a CAGR of 79.6% over the last 3 years

#### Experienced leadership team

- Siti Cable has one of the most experienced leadership teams in the industry comprising of professionals who have spent decades in consumer interfacing businesses with highest level of integrity. They provide solidity to our operations through their diverse learnings and ability to bring best practices into action, across all verticals.
- We have attracted high caliber talent with strong focus on corporate governance as we target to attain a leadership position in broadband business.

#### Engaging better with business partners

- We have provided our partner LCOs with 'own your customer' (OYC) subscriber management system for real-time access of subscriber billings, payments, account statements, activation, de-activation, up-gradation, down-gradation, packaging and monthly collections at the business partner's end.

- Customers and LCO's are further supported by our customer service teams at the call centers
- We are providing real-time training to our LCO partners.

#### Bolstering technology investments

- Deployment of MPEG 4 STB in place of MPEG 2 STB to enhance the customer experience
- Deployment of MPEG 4 HD STB and deliver 30 HD channels from each headend
- 6 new headends with capability of 500 SD and 30+ HD channels
- Addition of advertisement play out in STB software

#### Building a future focused brand

We are focusing to enhance significantly our brand respect and recall across India. We have appointed direct sales agents and undertake regular marketing initiatives. We also advertise across various media, including print campaigns and at our own channels.



# Teamwork

At SITI Cable, our people are passionate to make the most of industry opportunities and drive sustainable growth. Our achievement is the result of enthusiastic teamwork.



## 'Samwad' & Work Culture at SITl

We at Siticable Network follow the essence & philosophy of 'Samwad' in our work culture. Samwad means conversation, Interlocution, news, information, message and dialogue. In order to achieve excellence across the organization we refer to 'Samwad' for the way we think, react and decide and take care of our assets (material, human, intellect).

'Samwad' provides an organizational platform to arrive at a shared vision towards managing ourselves.

## Employee Development Initiatives

We undertake several initiatives to attract, develop and retain the industry-leading talent. Our employee development initiatives are targeted towards each and every employee and are upgraded regularly.

## Voyage

Under this programme, we inducted candidates from different industries, utilised them as part of 'building blocks' and 'cross pollination' for future growth. The rigorous two-month programme introduced mentor-mentee induction methodology for new joinees, strengthened their industry knowledge and process orientation, helping them perform effectively at their work locations.

## Corporate Culture

A programme specifically designed for three-month old joinees in the organisation. The programme is conducted with an aim to help new employees adjust to the new culture and find new friends. It also helps them imbibe the organisation's true spirit.

## ACE Employee of the Month

We consistently acknowledge and reward the outstanding efforts made by employees with appreciation certificate, trophy and prizes. ACE programme is one such platform that recognises excellence in operational performance and boosts the morale of teams, as well as individuals. The winner of the year receives CEO's certificate, trophy and a domestic trip with family sponsored by the Company.

## FISH Philosophy

In line with our philosophy to positively impact the enthusiasm and engagement level of our employees, we conducted the well-known behavioural training programme, 'Fish Philosophy' during the year. The key objectives of the programme were to re-energise the workplace, foster teamwork, enhance productivity and inspire creativity.

**We at Siticable Network follow the essence & philosophy of 'Samwad' in our work culture. Samwad means conversation, Interlocution, news, information, message and dialogue. In order to achieve excellence across the organization we refer to 'Samwad' for the way we think, react and decide and take care of our assets (material, human, intellect).**

A photograph of three people (two women and one man) sitting in a row outdoors, meditating in a park-like setting. They are wearing white clothing and have their eyes closed and hands in a prayer position. The background shows trees and a building. A red banner with white text is overlaid on the bottom half of the image.

# **Social Commitment**

**At SITl Cable, social responsibility represents an important element of our ecosystem. Every year we conduct several community outreach and socio-economic development programmes to help enhance the quality of life of many.**

### Reach out to society: Thank you Week

In December 2014, we invited students of the Parivartan Sandesh Foundation to our office. We took them on an educational tour across our campus. We demonstrated to them the importance of going to school and how one can protect himself/herself from child abuse. After the tour, the students had lunch with a few of our employees and were gifted with souvenirs, dry food and stationery.

### World Yoga Day

With an aim to 'Embrace a Healthier Lifestyle', we at SITI Cable celebrated the International Yoga Day on June 21. We supported and promoted this noble initiative, endorsed by our Prime Minister, Shri Narendra Modi, by creating social awareness about the time-honoured practice among our stakeholders - employees, business partners and subscribers.

We organised concurrent yoga sessions in 70+ cities across India, including major events in 25 cities by involving 1,500 employees and 9,000 business partners. The event saw participation from over 50,000 people across various parts of the country, including Delhi, Hyderabad, Bangalore, Varanasi and Hisar, among others. We also promoted the event across 130+ cities through SITI's 100+ local channels, and reached out to 40 million viewers.

# 50,000+

Yoga Participants  
across Indic

# 130+

Cities across which  
Yoga was promoted





# Awards & Accolades



## **‘Outstanding performance in Managing LCO Network’**

SITI Cable has always been at the forefront to harness the latest technology in the field of digital cable TV services. The Company provides digital cable TV signals through an advanced IP-based system that transmits high-quality signals to the subscribers. The IP delivery system provides redundancy, robustness and scalability to the network. To maintain the highest quality of standards of service, the equipment deployed in managing the LCO network goes through stringent quality check at SITI Cable’s in-house centralised R&D centre. The equipment used are sourced from the reputed companies/vendors like CISCO, Harmonics, Tanberg, PPC, Perfect Vision and Corning, among others.

This cutting-edge technology provides best TV viewing experience to subscribers. With continuous technical up-gradations, SITI Cable pioneers in setting a benchmark in the industry.

## **‘Most outstanding implementation of DAS policies’**

Adherence to regulatory compliances is a constant practice at SITI. The Company has taken various steps in this direction. It was the first to announce channel packages, migrate to package-wise billing, adhere to tax compliance, provide LCOs with OYC – a web-based real time subscriber management system and sign the LCO interconnect agreements. The Company also introduced online payment option for subscribers,

web-based complaint monitoring system, and collection of SAF, among others.

This has helped further cement SITI’s position as a transparent organisation in the industry. Throughout the DAS implementation, the Company has strictly adhered to regulatory norms, applicable in the industry.

# Corporate Information

## Board of Directors

### Subodh Kumar

Non Executive Director

### B. K Syngal

Independent Director

### Vinod Bakshi

Independent Director

### Sureshkumar Agarwal

Independent Director

### Kavita Kapahi

Independent Director

### V.D. Wadhwa

Executive Director & Chief Executive Officer

## Auditors

Walker Chandio & Co. LLP,  
(Formerly Walker Chandio & Co.)  
Chartered Accountants, New Delhi

## Bankers

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

## Offices

### Registered Office

135, Continental Building,  
Dr. Annie Besant Road,  
Worli, Mumbai - 400 018  
Phone No.: +91- (022) 24831234  
Fax No.: +91 - (022) 24900302  
Email :- csandlegal@siticable.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@siticable.com

## Regional Offices

**Delhi NCR** - FC- 9, Sector -16A, Film  
City, Noida-201 301

**Bengaluru** - United Mansions,  
4th Floor, 39, M.G. Road,  
Bengaluru -560 001

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

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

**Mumbai** - 4th Floor, Madhu Industrial  
Estate, P.B. Marg Worli,  
Mumbai 400 013

**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 -700 091

**Jaipur** - 801-807, 8th Floor  
Apex Tower (Mangalam) Tonk Road,  
Jaipur- 302 019

**Karnal** - S.C.O 86, First Floor, Mahila  
Ashram Complex, Karnal, 132 001

## Senior Management

### V. D.Wadhwa

Executive Director & CEO

### Vinay Chandhok

Chief Operating Officer, Operations  
(Video)

### Sanjeev Mahajan

Chief Operating Officer, Operations  
(Broadband)

### Anil Jain

Head, Finance

### Bibhash Jha

Head, Content & Carriage

### Anil Jhamb

Chief Technology Officer, Broadband

### Anil Malhotra

Chief Operating Officer, Strategy and  
Compliances

### Pankaj Dhingra

Chief Human Resources Officer

### Sanjay Jindal

Head, Projects

### Suresh Kumar

Company Secretary and  
Compliance Officer

# Notice

Notice is hereby given that the Ninth Annual General Meeting of the Equity Shareholders of Siti Cable Network Limited will be held at “Hall of Culture”, Nehru Center, Dr. Annie Besant Road, Worli, Mumbai - 400 018 on Thursday, the 27th day of August, 2015 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, 2015 including the Balance Sheet as at March 31, 2015, 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 appoint a Director in place of Mr. Subodh Kumar, IAS (Retd.) (DIN 02151793), who retires by rotation at this meeting and being eligible, offers himself for reappointment.
3. To re-appoint M/s. Walker Chandiok & Co. LLP (*Formerly Walker Chandiok & Co.*) Chartered Accountants, New Delhi, having Firm Registration No. 001076N/N500013, as the Statutory Auditors of the Company to hold such office from the conclusion of the ensuing Annual General Meeting till the conclusion of Annual General Meeting to be held in year 2020, subject to ratification at every Annual General Meeting.

## SPECIAL BUSINESS

4. 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 149, 152 and other applicable provisions of the Companies Act, 2013 (‘Act’) and rules made thereunder read with Schedule IV of the Act, Ms. Kavita Kapahi (DIN: 02330706), appointed as an Additional Director of the Company with effect from March 31, 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 her candidature of the office of Director, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for the period upto March 31, 2018.”

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 provisions of the Foreign Exchange Management Act, 1999 (FEMA), as applicable, including the regulations, guidelines and circulars issued there under, and all other applicable rules, regulations, guidelines, circulars, policies and laws, as applicable (including any modifications or reenactment(s) thereof, from time to time) and subject to all applicable approval(s), permission(s), sanction(s), consent(s) and intimation(s), as may be required, and subject to such condition(s) as may be prescribed by the Reserve Bank of India or any other the relevant authorities, while granting such approval(s), permission(s), sanction(s) and consent(s), the consent of the Members of the Company be and is hereby accorded to permit Foreign Portfolio Investors (“FPIs”) and Foreign Institutional Investors (“FIIs”), as defined under the relevant regulations by the Securities and Exchange Board of India, including their sub-accounts, to acquire and hold Equity Shares of the Company, by purchase or acquisition through primary or secondary market route, and under the ‘portfolio Investment scheme’ under FEMA or otherwise, upto an aggregate limit of 49% of the paid-up share capital of the Company or such other limit as may be permissible under applicable laws, regulations or guidelines as at the relevant date(s) as recorded by the Board of Directors of the Company from time to time, provided however that the shareholding of each FPI or FII, on its own account and on behalf of each of their sub-accounts in the Company shall not exceed such limits as are or as may be prescribed, from time to time, under applicable laws, rules and regulations.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all

such acts, deeds, matters and things including seeking appropriate confirmations / consents / approvals as may be necessary for the purpose of permitting such increase of FPIs and FIIs investment limits in the Company."

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

**"RESOLVED THAT** pursuant to Section 62(1)(c) and other applicable provisions 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 Regulations'), Listing Agreements entered into by the Company with the Stock Exchanges where the equity shares of the Company are listed, 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, consent, 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 authorized 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 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) the relevant date for the purpose of pricing of the Equity Shares to be issued, shall be the date of the meeting in which the Board decides to open the proposed issue of Equity Shares subsequent to the receipt of approval from the shareholders of the Company in terms of section 62(1)(c) of the Companies Act, 2013, and other applicable laws, rules regulations and guidelines in relation to the QIP;
- (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 the SEBI Regulations;
- (iii) the issue and allotment of Equity Shares shall be made only to QIBs within the meaning of the SEBI Regulations and such Equity Shares 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 Regulations, from time to time;
- (iv) the Equity Shares shall not be eligible to be sold for a period of one year from the date of allotment, except on a recognized stock exchange or except as may be permitted by the SEBI 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.

**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 or more stock exchanges in India or abroad as the Board may in its absolute discretion deems fit and to make and accept any modifications in the proposals as may be required by the authorities involved in such issue(s) in India and/or abroad;
  - (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."
7. To consider and if thought fit, to pass, with or without modification, following resolution as a Special Resolution:-

**RESOLVED THAT** pursuant to the provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the provisions contained in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (the "SEBI Regulations") or any statutory modification(s) or re-enactment of the Act or the SEBI Regulations, the Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to such other approval(s), permission(s) and sanction(s) as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall include any 'Nomination and Remuneration Committee' or 'Employee Stock Option Committee' of the Board), to introduce and implement an Employee Stock Option Plan (**called 'SITI ESOP 2015' or 'the ESOP Plan'**), and to grant, offer, issue and allot in one or more tranches at any time to or to the benefit of such employees of the Company and Directors of the Company, whether Whole-time Directors or otherwise, but excluding Independent Directors of the Company as may be decided by the Board, Options under **SITI ESOP 2015** exercisable & convertible into equity shares (hereinafter referred to as 'the securities') of the Company not exceeding in the aggregate 5% of the issued, subscribed and paid-up capital of the Company as on March 31, 2015 i.e. up to 33,881,656 equity shares of ₹ 1/- each of the Company (or such other adjusted number of shares for any bonus, consolidation or other re-organisation of the capital structure of the Company as may be applicable from time to time), at such price, in such manner, during such period and on such terms and conditions as may be determined by the Board in accordance with the SEBI Regulations or any other applicable provisions as may be prevailing at that time.

**RESOLVED FURTHER THAT,**

- a) the Board be and is hereby authorised to formulate, evolve, decide upon and bring into effect the Scheme / ESOP Plan on such terms and conditions as contained in the Explanatory Statement to this Notice and to make any modification(s), change(s),

variation(s), alteration(s), or revision(s) in the terms and conditions of the Scheme from time to time including but not limited to amendments with respect to vesting period/ schedule, exercise price/ period, eligibility criteria or to suspend, withdraw, terminate or revise the Scheme / ESOP Plan;

- b) the Non-Executive Directors of the Company excluding Independent Directors and Promoter Directors, if any, be granted up to a maximum of 100,000 Options per annum and up to a maximum of 500,000 Options in the aggregate under the scheme;
  - c) any new equity shares to be issued and allotted upon exercise of options from time to time under SITI ESOP 2015 shall rank *pari passu* inter se in all respects with the then existing Equity Shares of the Company;
  - d) the Board be and is hereby authorised to take requisite steps for listing of the securities allotted under SITI ESOP 2015 on the Stock Exchanges where the securities of the Company are listed; and
  - e) for the purpose of giving effect to this resolution, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things to the extent permissible by SEBI Regulations, as may be necessary or expedient and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.
8. To consider and if thought fit, to pass, with or without modification, following resolution as a Special Resolution:-

**“RESOLVED THAT** the benefits of Employees Stock Option Scheme, “SITI ESOP 2015” proposed under

Resolution No. 7 contained in this Notice be extended to the employees and Directors whether Whole-time Director or not but excluding Independent Directors and Promoter Directors, if any, of any present and future subsidiary/holding company of the Company on such terms and conditions as may be decided by the Board Directors of the Company.”

**By Order of the Board**

**Suresh Kumar**  
Company Secretary

Place : Delhi  
Date : May 28, 2015

**Registered Office**  
Continental Building  
135, Dr Annie Besant Road  
Worli, Mumbai - 400018.

#### **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 authorizing 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 Clause 49 of the Listing Agreement with Stock Exchanges, 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 appointment of Ms. Kavita Kapahi, the Board of Directors have reviewed the declarations made by her confirming that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and the Board is of the opinion that Ms. Kavita Kapahi 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 August 21, 2015 to August 27, 2015 (both days inclusive).
7. In case of Joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Queries on accounts and operations of the Company, if any, may be sent to the Company Secretary seven days in advance of the meeting so as to enable the Management to keep the information ready at the meeting.
9. Members who hold shares in dematerialized 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.

10. 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 dematerialized 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.
11. 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.
12. In support of the "Green Initiative" announced by the Government of India and as well as Clause 32 of the Listing Agreement executed with Stock Exchanges, electronic copy of the Annual Report and this Notice, *inter alia* indicating the process and manner of remote e-voting along with attendance slip and proxy form are being sent by e-mail to those Members whose e-mail addresses have been made available to the Company / Depository Participants unless the Member has requested for a hard copy of the same. For Members who have not registered their e-mail addresses, physical copies of this Notice *inter alia* indicating the process and manner of remote e-voting along with attendance slip and proxy form, will be sent to them in the permitted mode.
13. The Company hereby request Members who have not updated their email IDs to update the same with their respective Depository Participant(s) or Sharepro Services (India) Private Limited, Registrar and Transfer Agent (R&T) of the Company. Further, Members holding shares in electronic mode also requested to ensure to keep their email addresses updated with the Depository Participants / R&T of the Company. Members holding shares in physical mode are also requested to update their email addresses by writing to the R &T of the Company at 13AB, Samhita Warehousing Complex, Second Floor,

Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai-400 072 or at 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai-400 021, quoting their folio number(s).

#### 14. E-voting

In compliance with Section 108 of the Companies Act, 2013 and Companies (Management and Administration) Rules, 2014 & clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the 9th 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 Monday the 24th day of August 2015 at 9.00 a.m. and will end on Wednesday, the 26th day of August 2015 at 5.00 p.m. During this period equity shareholders of the Company holding shares either in physical form or in dematerialized form as on the cutoff date of August 20, 2015, 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.

15. 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.
16. 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.
17. 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 August 20, 2015.
18. At the AGM 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 AGM but have not cast their votes by availing the remote e-voting facility.
19. The Company shall appoint an Independent Professional as Scrutinizer to conduct remote e-voting process as well as Ballot / Poll Paper voting process at the Annual General Meeting in a fair and transparent manner.
20. The Scrutinizer shall, after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same and declare the result of the voting forthwith.
21. The results declared along with the Scrutiniser's report shall be placed on the website of the Company [www.siticable.com](http://www.siticable.com) and shall also be communicated to the Stock Exchanges. The resolutions, if approved, shall be deemed to be passed on the date of AGM.
22. The instructions and process for e-voting are as under :-
  - (i) The voting period begins on 24th day of August 2015 at 9.00 a.m. and ends on 26th day of August 2015 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date August 20, 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.



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|---|--|
| <p>(iii) The shareholders should log on to the e-voting website <a href="http://www.evotingindia.com">www.evotingindia.com</a>.</p> <p>(iv) Click on Shareholders.</p> <p>(v) Now Enter your User ID</p> <ol style="list-style-type: none"> <li>a. For CDSL: 16 digits beneficiary ID,</li> <li>b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,</li> <li>c. Members holding shares in Physical Form</li> </ol> | <p>should enter Folio Number registered with the Company</p> <p>(vi) Next enter the Image Verification as displayed and Click on Login.</p> <p>(vii) If you are holding shares in demat form and had logged on to <a href="http://www.evotingindia.com">www.evotingindia.com</a> and voted on an earlier voting of any company, then your existing password is to be used.</p> |
|---|--|

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

For Members holding shares in Demat Form and Physical Form	
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 first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>■ In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<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> <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 (v).</li> </ul>

- |  |   |
|--|---|
| <p>(ix) After entering these details appropriately, click on "SUBMIT" tab.</p> <p>(x) 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.</p> | <p>(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.</p> <p>(xii) Click on the EVSN for SITI CABLE NETWORK LIMITED on which you choose to vote.</p> <p>(xiii) 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.</p> <p>(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.</p> |
|--|---|

(xv) 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.

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

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

(xviii) 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.

(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 scrutinizer 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. 4**

The Board of Directors (based on the recommendation of Nomination and Remuneration Committee) had appointed Ms. Kavita Kapahi as Additional Director from March 31, 2015.

The brief profile of Ms. Kavita Kapahi in terms of Clause 49 of the Listing Agreement, is annexed to this Notice.

In terms of Section 161(1) of the Companies Act, 2013 read with Article 85 of the Articles of Association of the Company, Ms. Kavita Kapahi holds office as Additional Director only up to the date of the forthcoming 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 members signifying his intention to propose the appointment of Ms. Kavita Kapahi as a Director.

The Board of Directors is of the opinion that her vast knowledge and varied experience will be of great value to the Company and hence recommends the Resolution at Item No. 4 of this Notice for your approval.

Notice received under Section 160 of the Companies Act, 2013 is available for inspection by the members at the Registered Office of the Company during the business hours on any working day up to the date of the Annual General Meeting.

None of the Directors, Key Managerial Personnel and relatives thereof other than Ms. Kavita Kapahi is concerned or interested in the Resolution at Item No. 4 of the Notice.

### Items No. 5

Pursuant to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("**FEMA 2000**") and the 'Consolidated FDI Policy' (issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India) ("**FDI Policy**"), foreign investment upto 49% of the paid-up share capital is permitted in automatic route and beyond 49% but up to 74% is permitted with the approval of Government, in Cable Networks (Multi System operators (MSOs) operating at National or State or District level and undertaking up gradation of networks towards digitalization and addressability). Further, under FEMA 2000 and FDI Policy, the total holdings of all Foreign Portfolio Investors ("**FPIS**") and Foreign Institutional Investors ("**FIIs**") registered with the Securities and Exchange Board of India ("**SEBI**"), including their sub-accounts can not be exceed 24% of the paid-up share capital of the Company. However, this limit can be increased to 49% of the paid-up share capital of the Company (which is the permissible limit under automatic route) after approval by the Members of the Company by way of a special resolution and intimation to the Reserve Bank of India.

FPI & FII investment in the Company as at the close of May 22, 2015 was at 13.26%. In order to facilitate further FPI and FII Investments, your Board deems it desirable to increase the current cap for FPI and FII Investments upto an aggregate limit of 49% of the paid-up share capital of the Company or such other limit as may be permissible under applicable laws, regulations or guidelines.

Increased participation by FIIs in the Equity shares of the Company is considered to be in the interest of the Company and your Board recommends the Special Resolution for consideration by the members.

None of the Directors or Key Managerial Personnel of the Company or their relatives is in anyway interested or concerned in the above resolution, except to the extent of the equity shares of the Company held by him/her or their relatives.

### Items No. 6

The Members had approved raising of funds up to USD 100 Million by passing a special resolution through postal

ballot on October 14, 2014, against which the Company has already raised an amount of ₹ 2,211.11 million from eligible QIBs in March 9, 2015.

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 Regulations'), is 12 months, it is 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 other Securities convertible into Equity Shares of the Company either by way of public issue, private placement or qualified institutional placement within the meaning of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI regulations"), or through issuance of depository receipts, foreign currency convertible bonds etc., (together referred to as "Securities" and the issue the "Issue") for meeting *inter alia* expenditures in connection with implementation of DAS (Digital Addressable System) in phase III & IV; 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) of the Companies Act, 2013 provides, *inter alia* that whenever it is proposed to issue further shares or securities convertible into shares, 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 Section 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and / or applicable SEBI regulations, and in terms of the provisions of the Listing Agreements executed by the Company with the Stock Exchanges, authorizing the Board to issue Securities, as stated in the resolution, which may result in issuance of further Shares of the Company to persons other than the existing members of the Company in accordance with the terms and nature of the Securities.

None of the Directors, Key Managerial Personnel of the Company and their relatives is in any way, concerned or interested in the Special Resolution detailed in Item No.6. The Board recommends the Resolution detailed in Item No.6 – to be passed as a Special Resolution, as proposed in the Notice.

#### Item No. 7 & 8

Employee Stock Options have long been recognised as an effective instrument, to align the interests of the employees with those of the Company and its shareholders, providing an opportunity to the employees to share the growth of the Company and to create long term wealth in the hands of the employees.

With a view to reward employees for their contribution, encourage value creation and value sharing with employees and to attract / retain best talents, your Board has, at its meeting held on May 28, 2015, subject to your approval approved implementation of an Employees Stock Option Plan called '**SITI ESOP 2015**', for the benefit of present and future employees including Executive/Non-Executive Directors of the Company (but excluding Independent Directors and Promoter Directors) and Holding / Subsidiary companies, in accordance with the provisions of prevailing regulations.

In terms of provisions of Section 62 of the Companies Act 2013 and SEBI Regulations, approval of the shareholders is being sought for issue of stock options to the employees of the Company. Upon approval of this SITI ESOP 2015, the earlier approved ESOP Scheme called Employee Stock Option Scheme 2007 (ESOP -2007) shall cease to be effective except to the extent that the Company shall continue to issue and allot Equity Shares against exercise of any of the Stock Options that may have already vested, or will be vesting in due course, under the terms of the said ESOP Scheme.

The following are the salient features of the Scheme, and various disclosures as required by Clause 6 (2) of the Securities and Exchange Board of India (Employee Share Based Benefits) Regulations, 2014 (the "SEBI Guidelines"):

#### 1. Description of the ESOP Scheme

The Employees Stock Option Scheme shall be called 'SITI ESOP 2015' and shall extend to present and future employees and Directors (excluding Independent Directors and Promoter Directors) of the Company and any of its Holding or Subsidiary Company, and the Scheme shall be administered by the Nomination & Remuneration Committee of the Board. The Scheme shall involve issuance of new shares of the Company directly to those employees/directors who may be issued options under the Scheme and hence, there is no involvement of any Trust or provision of any loan to such Trust.

#### 2. Total number of options to be granted:

A number of options to be granted under the Scheme shall not exceed 5% of the issued, subscribed and paid-up equity shares of the Company as on March 31, 2015, i.e. up to 33,881,656 equity shares of ₹ 1/- each of the Company. It is also proposed to reserve maximum of 500,000 options for grant to the Non-Executive Directors (other than Promoter Directors and Independent Directors) of the Company from time to time. In the event of any corporate action(s) viz. bonus, consolidation or other re-organisation of the capital structure of the Company, number of options/shares to be issued shall undergo fair, reasonable and appropriate adjustments pursuant to the SEBI Regulations. Each option when exercised would be converted into one Equity Share of ₹ 1/- each fully paid-up.

Any vested option(s) that lapse due to non-exercise or unvested option(s) that get cancelled due to resignation of the employees or otherwise surrendered, would not be available for being re-granted at a future date.

#### 3. Identification of classes of employees entitled to participate in the Employee Stock Option Scheme:

All employees of the Company, including Executive & Non-Executive Directors, but excluding the Promoters of the Company and Independent Directors, as may be decided by the Nomination & Remuneration Committee from time to time, would be entitled to be granted stock options under the ESOP Scheme.

**4. Transferability of employee stock options:**

The stock options granted to an employee will not be transferable to any other person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of an employee/option holder while in employment, the right to exercise all the vested options granted to him/her till such date shall be transferred to his/her legal heirs or nominees.

**5. Requirements of vesting, period of vesting and maximum period of vesting:**

The Options granted shall vest, not earlier than one year and not later than five years from the date of grant of options, so long as the employee continues to be in the employment of the Company, as the case may be. Vesting shall happen in one or more tranches, subject to such terms and conditions of vesting as may be decided by the Board / Nomination & Remuneration Committee including but not limited to certain performance metrics (on the achievement of which the granted options would vest) and the proportion in which options granted would vest.

**6. Exercise Price or Pricing Formula:**

The Options would be granted at an exercise price equal to the 'market price' within the meaning as defined in the SEBI Guidelines i.e. the latest available closing market price (on that stock exchange where there is highest trading volume) on the date prior to the date on which the options are granted to the employees.

**7. Exercise Period and the process of Exercise:**

The Exercise period would commence from the date of vesting and will expire on completion of four years from the date of vesting of such options. The options will lapse if not exercised within the specified exercise period or such other period as may be decided by the Board.

The options will be exercisable by the Employees by a written application addressed to the designated officer of the Company intimating his / her intention to exercise the options in such manner, and on execution of such documents, as may be prescribed

by the Board/Nomination & Remuneration Committee from time to time.

**8. Appraisal Process for determining the eligibility of the employees to ESOP:**

The Company has a formal performance appraisal system established in line with emerging standards, wherein the performance of employees is assessed each year on the basis of various functional and managerial parameters. Stock Options would be granted based on performance linked parameters, value creation, leadership, role/designation of the employee, length of service with the Company, past performance record, future potential of the employee and/or such other criteria that may be determined by the Board/ Nomination & Remuneration Committee at its sole discretion.

**9. Maximum number of options to be issued per employee and in aggregate:**

The number of options that may be granted to any specific employee under the Scheme will depend upon the rank/ designation of the employee and shall be in the aggregate less than 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options.

**10. Disclosure and Accounting Policies:**

The Company shall comply with the disclosure and the accounting policies prescribed as per SEBI Regulations and/or the Accounting standards

**11. Method of option valuation:**

The Company shall use the Fair Value Method for valuation of the options granted. In case the Company calculates the employee compensation cost using the Intrinsic Value of the stock options, the difference between the employee compensation cost so computed and the cost that shall have been recognised if it had used the Fair Value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

As the employee stock option scheme provides for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the Members is being sought pursuant to Section 62 and all other applicable provisions, if any, of the Companies Act, 2013, and as per Clause 6(1) of the SEBI Regulations.

As per Clause 6(3) of the SEBI Regulations, a separate special resolution is required to be passed if the benefits of the Scheme are to be extended to employees/directors of subsidiary or holding company, existing now or formed or acquired in future.

The Board recommends the Special resolutions as set out in Item no. 7 & 8 for the Member's approval.

None of the Directors and Key Managerial Personnel of the Company (or any of their relatives) are in any way

concerned or interested in this resolution, except to the extent of any option that may be offered or securities that may be issued to them under the Scheme.

By Order of the Board

Suresh Kumar  
Company Secretary

Place : Delhi  
Date : May 28, 2015

**Registered Office**  
Continental Building  
135, Dr Annie Besant Road  
Worli, Mumbai - 400018.

# Directors' Report

To the members,

Your Directors have pleasure in presenting the 9th Annual Report on the business and operations of the Company, together with the audited financial statements for the year ended March 31, 2015.

## FINANCIAL HIGHLIGHTS

The Financial Performance of your Company for the year ended March 31, 2015 is summarized below:

Particulars	Consolidated	
	2014-15	2013-14
Sales	9,059	6,972
Other Income	311	131
<b>Total Income</b>	<b>9,370</b>	<b>7,103</b>
Total Expenses	7,686	5,844
<b>EBIDTA</b>	<b>1,684</b>	<b>1,259</b>
Less: Finance costs	1,209	1,191
Less : Depreciation	1,328	838
<b>Profit / (loss) before tax &amp; Exceptional Items</b>	<b>-852</b>	<b>-770</b>
Provision for Taxation (Net)	167	64
<b>Profit / (loss) after tax &amp; Exceptional Items</b>	<b>-1,019</b>	<b>-834</b>
Less : Exceptional Items	0	0
Minority Interest	72	107
<b>Profit / (loss) after tax</b>	<b>-1,091</b>	<b>-941</b>
Amount transferred to General Reserve	1,151	-1,583

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.

## BUSINESS OVERVIEW

The year started with the promise of digitization in Phase 3 areas and we were fully geared up to ensure that SITI Cable was well placed to gain significant market share in the process. Although, the digitization drive got slowed down due to the extension in the Phase 3 digitization deadline by the Government of India, we were able to successfully seed 1.23 million STBs proactively in Phase-3 areas and expand

our reach from 60 cities to 130 cities across India. Overall Siti Cable managed to close the year with over 5 Million digital subscribers and expand our cable universe to 10.5 Million. We will continue to digitize the remaining analogue subscriber base and also expand in select strategic geographies to consolidate our presence.

The company made new forays into the broadband space and currently is offering broadband at speeds upto 100 Mbps on state of the art DOCSIS 2/3 Technology in Delhi/NCR. Your Company has chalked out plans to expand broadband operations on all India basis and identified new markets for expansion in the next twelve months to increase its current subscriber base significantly.

You will be happy to know that SITI Cable continued to work closely with the Sector Regulator and maintain a high-focus on adherence to regulatory compliances, in order to minimize regulatory risk and provide the end customer a quality service experience. The company has also been at the forefront of bringing together leading MSOs for policy advocacy and establishing the All India Digital Cable Federation (AIDCF), which is the recognized industry body for the sector.

The industry continues to face an excessive tax burden in the form of both service tax and entertainment tax incidence, which is unhealthy considering it is the most popular and accessible medium of entertainment for the common man. There is a need to bring down the tax burden in line with other industries such as multiplexes and make cable a more affordable medium

Siti Cable continues to monetize the business better and harness the inherent operational leverage that the business possesses. We worked with our LCO business associates to train and equip them with regards to the rapidly changing digital environment and serve the customer more effectively. We built durable relationships with leading content providers to ensure our subscribers get the best of content and value added services.

SITI Cable, as part of the Essel Group is working in consonance with other group companies to ensure economies of scale and derive synergies in various aspects of the value chain such as STB procurement, content cost and shared services.

We felt the need to bring in fresh talent from customer facing industries in line with our renewed focus on the end consumer and transition to a B2C business and have inducted the same at Senior Management and Middle management levels for our foray into broadband business on all India basis and also to drive execution capabilities. At the same time, processes and systems were further refined and streamlined to ensure the organization remains agile as it scales up.

In terms of overall perspective, FY2014-15 was a year of unique differentiation for your Company. Your Company's consolidated revenue grew by 32% to INR 9370 million from INR 7103 million in 2014. Core Revenue, excluding other income and activation grew even faster at 37% YoY to reach INR 8435 million.

The EBITDA also grew 34% to INR 1684 million compared to INR 1259 million last years. EBITDA, excluding other income and activation grew by a significant 132% YoY to reach INR 749 million, testimony to the inherent execution capabilities of your company. As an impact of successful digitization in phase I and II as well as proactive seeding in Phase 3, Subscription revenue grew by 57% over last fiscal. Carriage revenue grew by 9.6% YoY and broadband revenue grew by 53% YoY due to conscious decision by Management to use multiple growth levers and diversify revenue streams. Capital expenditure shall continue to be high this year as we strive for market expansion and establish our digital footprint to transform our business to a sustainable perpetual annuity with tremendous operating leverage which will generate a steady cash flow.

We continue to pursue expansion of our digital cable and broadband business in the current year, so that we are able to provide the consumer the best of the content in a platform neutral manner. Our eventual aim is to become a triple play service provider.

### **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 standards have been followed and there are no material departure;
- ii. the Directors have 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, 2015 and of the loss of the Company for the financial year ended on that date;
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors had prepared the annual accounts on a going concern basis;
- v. the Directors 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. the Directors 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**

In accordance with the provisions of Section 152(6) of the Companies Act, 2013, Mr. Subodh Kumar, IAS (Retd.), is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer himself for re-appointment. The Board recommends their reappointment.

Mr. V.D.Wadhwa who has been holding the position of CEO of the Company since April 29, 2013, was appointed as the Executive Director of the Company for a period 3 years w.e.f. August 12, 2014, on the terms and conditions as approved by the shareholders by passing special resolution through postal ballot on October 14, 2014.



Pursuant to Section 149(1) of the Companies Act, 2013 the Board of Directors of the Company had on March 31, 2015 appointed a Women Director Ms. Kavita Kapahi as Additional Director in the category of Independent Director. Ms. Kavita Kapahi shall hold office upto the date of the ensuing AGM of the Company and, being eligible, offer herself for re-appointment. The Company has also received a notice in writing from a member proposing her candidature for the office of Director along with a deposit of Rupees one lakh.

During the period under review, Dr. Subhash Chandra resigned as Director of the Company w.e.f. April 4, 2015.

Further Brief Profile of Directors proposed to be appointed / re-appointed are given in the Reports on the Corporate Governance forming part of the Annual Report.

In compliance with the requirements of Section 203 of the Companies Act, 2013, Mr. V.D.Wadhwa, Executive Director & CEO, Mr. Sanjay Goyal, Chief Financial Officer and Mr. Suresh Kumar, Company Secretary of the Company were nominated as Key Managerial Personnel.

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).

### **BOARD AND COMMITTEE MEETINGS**

The Board met five times during the financial year, the details of which are given in the corporate governance report that forms part of the Annual Report.

The Board has constituted an Audit Committee with Mr. B.K. Syngal as the Chairman and Mr. Vinod Kumar Bakshi & Mr. Sureshkumar Agarwal as the members of the Audit Committee.

Details of the composition of the Board and its Committees and of the Meetings held and attendance of the Directors at such Meetings, are provided in the Corporate Governance Report. The intervening gap between any two meetings was

within the period prescribed by the Companies Act, 2013 and the Listing Agreement.

### **BOARD EVALUATION**

In a separate meeting of Independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman 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**

M/s. Walker Chandiok & Co. LLP, Chartered Accountants, having Firm Registration No. 001076N / N500013, Statutory Auditors of the Company, will retire at the conclusion of the ensuing AGM and being eligible have consented and offered themselves for re-appointment as Statutory Auditors for the financial year 2015-16. Pursuant to Section 141 of the Companies Act, 2013 and relevant Rules prescribed there under, the Company has received certificate dated May 27, 2015 from the Auditors to the effect, *inter-alia*, that their re-appointment, if made, would be within the limits laid down by the Act, shall be as per the term provided under the Act, that they are not disqualified for such re-appointment under the provisions of applicable laws and also that there is no proceeding against them or any of their partners pending with respect to professional matter of conduct.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

#### **Secretarial Auditors**

M/s Amit Agrawal & Associates, Company Secretaries in Whole Time Practice, were appointed as Secretarial Auditors of the Company for the financial year 2014-15 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.

There are no qualifications or observations or other remarks of the Secretarial Auditors in the Report issued by them for the financial year 2014-15 which call for any explanation from the Board of Directors.

### **SUBSIDIARIES**

During the period under review, the Company has subscribed on rights basis 45,000,000 equity shares of Indian Cable Net Company Limited, which is one of the subsidiary company of the Company.

During the period under review, the Company has acquired 51% stake in Siti Global Private Limited, Siti Karnal Digital Media Network Private Limited, Siri Digital Network Private Limited and 100% stake in Siti Broadband Services Private Limited. Accordingly, the total No. of subsidiary companies of the Company has increased to 18 as compared to 14 during the financial year 2013-14.

Pursuant to Section 129(3) of the Companies Act, 2013 and Accounting Standard- 21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the Financial Statements of its Subsidiaries. Further, a separate statement containing the salient features of the financial statements of subsidiaries of the Company in the prescribed form AOC-1 has been disclosed herewith as Annexure - II in the Consolidated Financial Statements.

### **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. 44 to the Standalone Financial Statements.

### **RELATED PARTIES TRANSACTIONS**

With reference to Section 134(3)(h) of the Companies Act, 2013, particular of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the prescribed Form No.AOC.2 is annexed herewith as Annexure - III.

Further, your attention is drawn to the Related Party disclosures set out in Note No. 34 of the Notes forming part of the Standalone Financial Statements.

### **MATERIAL CHANGES**

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report other than those disclosed in the financial statements.

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

### **EMPLOYEE STOCK OPTION SCHEME**

During the period under review, your Company has not granted any Stock Options. Further, 245,680 options were exercised by the employees. Accordingly, during the period under review, the Company has allotted 245,680 equity shares to eligible employees on such exercise. These shares have been listed on the BSE Limited and National Stock Exchange of India Limited.

Details of options granted till March 31, 2015 and other disclosures as required under Clause 12 ("Disclosure in the Directors' Report") of the SEBI (Employees Stock Option Scheme) Guidelines, 1999, as amended, are given in Annexure - IV to this Report.

## RIGHTS ISSUE OF SHARES – RECEIPTS AND UTILISATION

Against the allotment of 236,767,351 equity shares of ₹1/- each issued at a price of ₹ 19/- per share (including premium of ₹ 18/- per share) aggregating to ₹ 4498.50 million during the financial year 2009-10 on rights issue basis, your Company had received a sum of ₹ 4488.27 million. The utilization of proceeds of the money received through rights issue by the Company as on March 31, 2015 are as under:-

Object of the Issue	(₹ million)		
	Right issue utilization of the Total Receipt		Remaining unutilised as on 31.03.2015
Repayment of certain of our existing unsecured loans	2733.38	2733.38	0.00
Funding our working capital requirements	275.97	265.90	10.07
Acquisition of MSOs and LCOs	186.70	141.80	44.90
Information technology infrastructure and ERP	0.30	0.30	0.00
General corporate purposes	1252.20	1231.27	20.93
Issue expenses	39.72	39.72	0.00
<b>Total</b>	<b>4488.27</b>	<b>4412.37</b>	<b>75.90</b>

## SHARE CAPITAL

During the period under review, the authorised share capital of the Company has been increased from ₹ 750 million to ₹ 1000 million, by creation of additional 250,000,000 (Two Hundred Fifty Million) Equity Shares of ₹ 1/- each vide resolution passed on October 14, 2014 through postal ballot.

The paid-up equity share capital of the Company as on March 31, 2015 was ₹ 677.63 million comprising of 677,633,135 equity shares of ₹1/- each. During the period under review, the Company has allotted:

- ▶ 93,500,000 equity shares on April 2, 2014 on preferential basis to two foreign promoter entities upon conversion of equal number of Warrants;
- ▶ 63,174,540 equity shares on March 9, 2015 on QIP (Qualified Institutional Placement) basis; and
- ▶ 77,840 equity shares on February 4, 2015 and 167,840 equity shares on March 26, 2015 against the options exercised by employees pursuant to Employees Stock Option Scheme of the Company.

Accordingly, during the review, the paid up equity share capital of the Company has been increased by ₹ 156.92

millions i.e. from ₹ 520.71 million as on March 31, 2014 to ₹ 677.63 million as on March 31, 2015.

## 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 Clause 49 of the Listing Agreement and applicable provisions of Companies Act, 2013.

A detailed report on Corporate Governance together with the Certificate of Amit Agrawal & Associates, Practicing Company Secretaries, on compliance is attached to this Annual Report. Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is presented in separate section forming part of the Annual Report.

The Audit Committee of the Board has been vested with powers and functions relating to Risk Management which *inter alia* includes (a) review of risk management policies and business processes to ensure that the business processes adopted and transactions entered into by the Company are designed to identify and mitigate potential risk; (b) laying down procedures relating to Risk assessment

and minimization; and (c) formulation, implementation and monitoring of the risk management plan.

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 - V.

Your Board has in accordance with the requirements of Companies Act, 2013 and Clause 49 of the Listing Agreement has adopted new policies and amended existing policies such as policy on Related Party Transaction, Code of Conduct for Directors and Senior Management, Corporate Social Responsibility Policy and Whistle Blower and Vigil Mechanism Policy. These policies are available on the website of the Company and can be viewed on [www.siticable.com](http://www.siticable.com)

### **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.

### **CONSOLIDATED FINANCIAL STATEMENTS**

As stipulated by Clause 32 of the Listing Agreement with the Stock Exchanges, the attached Consolidated Financial Statements have been prepared in accordance with the

Accounting Standard AS 21 – Consolidated Financial Statements read with Accounting Standard AS 23 – Accounting for Investments in Associates, and Accounting Standard AS 27 – Financial Reporting of Interests in Joint Ventures and forms part of the Annual Report.

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT & CORPORATE GOVERNANCE**

In terms of requirement of Clause 49 of the Listing Agreement with the Stock Exchange(s) a separate section on Management Discussion and Analysis Report-disclosing the operations, performance and outlook of the business in which the Company operates forms an integral part of this report.

Your Company is committed to maintain the highest standards of Corporate Governance. Your Company observes high standards of corporate governance in all areas of its functioning with strong emphasis on transparency, integrity and accountability. Your Company has complied with all the requirements as per Clause 49 of the listing agreement of the Stock Exchanges, as amended from time to time. The Auditor's certificate on compliance with Clause 49 is included in the section on Corporate Governance in this Annual Report.

### **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual return in Form MGT -9 is annexed herewith as Annexure – VI.

### **PARTICULARS OF EMPLOYEES**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as Annexure - VII which forms part of this report.

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 - VII which forms part of this report.

### **INTERNAL FINANCIAL CONTROL**

The Company has a well placed, proper and adequate internal control system, which ensures that all assets are safeguarded and protected and that the transactions are authorized, recorded and reported correctly. As per Section 138 of the Companies Act, 2013 on the recommendation of the Audit Committee, the Board of Directors has appointed M/s. Rajneesh Gupta & Co., Chartered Accountants as the Internal Auditor of the Company. The Internal Auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. Independence of the audit and compliance is ensured by direct reporting of Internal Auditors to the Audit Committee of the Board. During the year, the Company continued to implement their suggestions and recommendations to improve the control environment. Internal Auditors findings are discussed at quarterly basis and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

Based on internal financial control framework and compliance systems established in the Company, the work performed by statutory, internal and 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 effective during the financial year 2014-15

### **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.

### **POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE**

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at the workplace. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. The Company has also constituted an Internal Complaints Committee, known as the Prevention of Sexual Harassment (POSH) Committee, to inquire into complaints of sexual harassment and recommend appropriate action.

The Company has not received any complaint of sexual harassment during the financial year 2014-15.

### **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:-

#### **Conservation of Energy**

- |  |  |
|--|--|
| <ol style="list-style-type: none"> <li>1 The steps taken or impact or conservation of energy.</li> <li>2 The steps taken by the company for utilizing alternate sources of energy.</li> <li>3 The capital investment on energy conservation equipments.</li> </ol> | <p>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.</p> |
|--|--|

#### **Technology Absorption**

- |  |   |
|--|---|
| <ol style="list-style-type: none"> <li>1 The efforts made towards technology absorption.</li> <li>2 The benefits derived like product improvement, cost reduction, product development or import substitution.</li> <li>3 In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):-             <ol style="list-style-type: none"> <li>a. the details of technology imported;</li> <li>b. the year of import;</li> <li>c. whether the technology been fully absorbed;</li> <li>d. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;</li> </ol> </li> <li>4. The expenditure incurred on Research and Development.</li> </ol> | <p>Your Company uses latest technology and equipments 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.</p> |
|--|---|

#### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

#### **HUMAN RESOURCES**

Your Company gives its human resources a special status and strongly believes that quality of its employees can be improved by consistently investing in them. The Company develops its human resources through education, training and enhanced benefits that ultimately leads to a quality service delivery. The Company has one of the most adept management team that is strategically transforming its cable business to broadband business.

Attracting, developing and retaining talent has been found to be a fundamental solution for implementation of business plans. The Company is extensively focusing on change management that can absorb new businesses, ideas and people. Talent is being sought from across industries with focus on on-boarding people with broadband experience.

Your Company embraces the notion of good human capital bringing in competitive advantages and development of

human resources becomes part of its overall effort to achieve cost effective and firm performance.

#### **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**

**Vinod Kumar Bakshi**  
Director

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

Place : Delhi  
Dated : May 28, 2015

# Annexure – I

## FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

For the Financial Year Ended March 31, 2015

[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.  
(formerly known as Wire and Wireless (India) Limited)

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.* (formerly known as Wire and Wireless (India) Limited) (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, 2015. 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 Company’s 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 authorized 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, 2015 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 Company for the financial year ended on 31st March, 2015 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 (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vii) The Telecom Regulatory Authority of India (Amendment Act, 2014) and Rules, Regulation, orders, etc. notified thereunder;
- (viii) The Cable Television Networks (Regulation) Act, 1995 and Rules, Regulation, orders, etc. notified thereunder;
- (viii) Employees’ State Insurance Act, 1948.
- (ix) The Employees’ Provident Funds and Miscellaneous Provisions Act, 1952.

- (x) Income Tax Act and Rules and regulation made there under to the extent filing of the Return under the Act;
- (xi) Service Tax Act;
- (xii) Indian Stamp Act to the extent applicable to the issue of Securities under the Companies Act, 2013.

We have also examined compliance with the applicable clauses of the 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.

However, during the period under review, no event has been taken place attracting/triggering the provisions of the following regulations;

- i. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- ii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- iii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

Further, during the period under review, provisions of the following regulations were not applicable to the Company;

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (not notified hence not applicable to the Company during audit period).

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 place during the period under review were carried out in compliance with the provisions of the Act.

- 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.
- Majority decision is carried through unanimously and recorded in minutes.

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.

- (i) We further report that during the audit period the Company has allotted 9,35,00,000 Equity Shares at a issue price of ₹ 20/- ( including ₹ 19/- as premium) per shares consequent upon conversion of equal number of Warrants issued on Preferential Basis under Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and Section 81(1A) of the Companies Act, 1956.
- (ii) Issued and allotted 63,174,540 Equity Shares of ₹ 1/- each at a price of ₹ 35/- per share aggregating to ₹ 221.11 Crores on QIP Basis under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and Sections 42 & 61 of the Companies Act, 2013.
- (iii) Issued and allotted 2,45,680 Equity Shares under ESOP Scheme of the Company.

For **Amit Agrawal & Associates**  
Companies Secretaries

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

Place : Delhi  
Date : 28.05.2015



# 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 Jai Maa Durgee Communications Pvt. Ltd.	Siti Vision Digital Media Pvt. Ltd.	Siti Guntur Digital Network Pvt. Ltd.	Siti Krishna Digital Media Pvt. Ltd.	Siti Bhatia Network Entertainment Pvt. Ltd.	Siti Maurya Cable Net Pvt. Ltd.	Siti Faction Digital Pvt. Ltd.
Reporting Period	01-04-2014 31-3-2015	01-04-2014 31-3-2015	01-04-2014 31-3-2015	01-04-2014 31-3-2015	01-04-2014 31-3-2015	01-04-2014 31-3-2015	01-04-2014 31-3-2015	01-04-2014 31-3-2015	01-04-2014 31-3-2015
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	0.10	14.78	0.10	0.10	0.20	70.28	0.10
Reserve & Surplus	2342.93	65.17	-45.58	-36.82	12.25	0.88	-23.44	71.52	-7.73
Total Asset	5284.18	308.38	30.04	614.20	77.70	64.49	45.63	324.89	155.68
Total Liabilities	2075.71	242.72	75.52	636.24	65.35	63.51	68.86	183.10	163.30
Investments	50.24	0.00	0.00	0.00	0.00	0.00	8.42	0.00	0.00
Turnover	2605.16	211.88	27.30	203.94	114.74	42.01	42.07	252.43	86.14
Profit before taxation	255.86	43.84	-13.24	-13.89	9.75	0.21	4.50	31.32	0.51
Provision for taxation	130.26	14.95	0.00	-2.99	3.23	0.08	0.71	10.31	0.06
Profit after taxation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proposed Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
% of shareholding	60.02%	66.00%	51.00%	51.00%	74.00%	51.00%	51.00%	50.10%	51.00%

Name of the Subsidiary	Siti Global Pvt. Ltd.	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	20-6-2014 31-3-2015	02-02-2015 31-3-2015	02-02-2015 31-3-2015	19-7-2015 31-3-2015	01-04-2014 31-3-2015	01-04-2014 31-3-2015	01-04-2014 31-3-2015	01-04-2014 31-3-2015	01-04-2014 31-3-2015
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	-4.68	8.25	6.14	-0.04	2.74	-0.30	-16.07	-73.00	-9.34
Total Asset	45.84	193.08	195.87	0.10	53.78	10.21	587.02	35.79	15.71
Total Liabilities	50.42	184.73	189.63	0.04	49.05	10.41	602.59	108.29	22.72
Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.39	0.00	0.00
Turnover	8.57	47.57	65.32	0.00	54.40	11.81	0.00	0.00	0.00
Profit before taxation	-3.98	11.96	10.39	-0.04	4.48	1.04	1.69	-2.92	-2.29
Provision for taxation	0.71	3.69	4.25	0.00	0.29	0.32	0.43	0.00	0.00
Profit after taxation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proposed Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
% of shareholding	51.00%	51.00%	51.00%	100.00%	51.00%	51.00%	100.00%	51.00%	100.00%

## STATEMENT PURSUANT TO SECTION 129 (3) OF THE COMPANIES ACT, 2013 RELATED TO ASSOCIATE COMPANIES AND JOINT VENTURES

Name of Associates/ Joint Ventures	-
Latest Audited Balance Sheet date	-
Share of Associate/ Joint Ventures held by the Company on the year end No.	-
Amount of Investment in Associates/ Joint Ventures	-
Extend of Holding %	-
Description of How there is significant influence	-
Reason why the associate/ joint venture is not consolidated	-
Networth attributable to shareholding as per latest audited Balance Sheet	-
Profit/ Loss for the Year	-
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:

All contracts and arrangements with related parties under Section 188(1) of the Act, entered by the Company during the financial year, were in the ordinary course of business and on an arm's length basis.

#### 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:** Indian Cable Net Company Limited, subsidiary company of the Company.

(b) **Nature of contracts/arrangement/transactions:** The Company has subscribed 4,50,00,00,000 equity shares on rights basis.

(c) **Duration of the contracts/arrangements/ transactions:** not applicable

(d) **Salient terms of the contracts/arrangement/ transactions:** The Company has subscribed equity shares @ ₹ 50/- per shares including premium of ₹ 40/- per equity shares.

(e) **Date(s) of approval by the Board, if any:** February 13, 2014 and November 11, 2014

(f) **Amount paid as advances, if any:** Nil, as the equity shares have been allotted to the Company.

## Annexure – IV

### DISCLOSURES AS STIPULATED UNDER THE SEBI (EMPLOYEE STOCK OPTION SCHEME & EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES, 1999 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2015

Particulars	For the financial year
A Details of Options Granted and Exercise Price per Option	No options were granted during the Financial Year 2014-15
B Total no. of Options vested during the financial year	NIL
C Total no. of Options exercised	245,680
D Total number of Shares arising as a result of Exercise of option	245,680
E Options Lapsed (Nos.) during the financial year	337,180
F Variation in terms of Options	6,09,000
G Money realized by exercise of Options	4,414,412
H Total Number of Options in force at the end of financial year	NIL
I Employee wise details of Options granted to:-	
(i) Senior Management Personnel	No options granted during the year
(ii) Any other employee who received a grant in any one year of Options amounting to 5 % or more of Options granted during that year	NIL
(iii) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions ) of the Company at the time of grant	NIL
J Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20. 'Earning Per Share'	
K Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options. The impact of this difference on profits and on EPS of the Company shall also be disclosed	The issuance of the equity shares upon exercise of option shall not affect the Profit & Loss Account of the Company, as the pricing formula as approved by the Shareholders of the Company is the market price as per the SEBI Guidelines i.e. latest available closing price prior to the date of grant of options at the Stock Exchange where there is highest trading volume
L Weighted-average exercise prices and weighted-average fair values of options, separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Not Applicable
M A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted-average information	Not Applicable
(i) Risk-free interest rate	
(ii) Expected life	
(iii) Expected volatility	
(iv) Expected dividends	
(v) The price of the underlying share in market at the time of option grant	

# Annexure – V

## 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 - VI

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2015

[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 Cable Network Limited
Category / Sub-Category of the Company	Company limited by Shares
Address of the Registered Office and contact details	135,Continental Building, Dr Annie Besant Road, Worli, Mumbai -400018 Ph No. :+91-(022) 24831234
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

### 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 - 110 035	U64201DL2006PTC149333	Subsidiary	51	2(87)
2	Siti Jind Digital Media Communications Private Limited B-10, Lawrence Road, Industrial Area, New Delhi - 110 035	U72200DL2010PTC210107	Subsidiary	51	2(87)

S.No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
3	Siti Jai Maa Durgee Communications Private Limited B-10, Lawrence Road, Industrial Area, New Delhi - 110 035	U64200DL2011PTC224429	Subsidiary	51	2(87)
4	Siti Bhatia Network Entertainment Private Limited Near Bank Of India, Dayalband, Bilaspur, Chhattisgarh - 495 001	U92100CT2010PTC021657	Subsidiary	51	2(87)
5	Siti Krishna Digital Media Private Limited G-366, Preet Vihar, Delhi - 110 092	U74140DL2011PTC220702	Subsidiary	51	2(87)
6	Siti Guntur Digital Network Private Limited B-10, Lawrence Road, Industrial Area, New Delhi - 110 035	U64204DL2012PTC240121	Subsidiary	74	2(87)
7	Siti Jony Digital Cable Network Private Limited B-10, Lawrence Road, Industrial Area, New Delhi - 110 035	U64204DL2012PTC242214	Subsidiary	51	2(87)
8	Siti Faction Digital Private Limited B-10, Lawrence Road, Industrial Area, New Delhi - 110 035	U64200DL2012PTC244184	Subsidiary	51	2(87)
9	Siti Maurya Cable Net Private Limited J-1/15, Block EP, 4th Floor, Sector-V, Electronics Complex , Kolkata - 700 091	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 - 520 010	U72200AP1994PTC017527	Subsidiary	66	2(87)
11	Siti Global Private Limited B-10, Lawrence Road, Industrial Area, New Delhi - 110 035	U64200DL2014PTC264632	Subsidiary	51	2(87)
12	Wire And Wireless Tisai Satellite Limited Madhu Industrial Estate, 4th Floor, Pandurang Budhkar Marg, Worli, Mumbai - 400 013	U72400MH2007PLC171233	Subsidiary	51	2(87)
13	Central Bombay Cable Network Limited B-10, Lawrence Road, Industrial Area, New Delhi - 110 035	U72100DL1999PLC102012	Subsidiary	100	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 - 560 001	U64202KA2001PLC028970	Subsidiary	100	2(87)
15	Siti Broadband Services Private Limited B-10, Lawrence Road, Industrial Area, New Delhi - 110 035	U64100DL2014PTC267911	Subsidiary	100	2(87)
16	Indian Cable Net Company Limited J-1/15, Block EP, 4th Floor, Sector-V, Electronics Complex , Kolkata - 700 091	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	2(87)
18	Siri Digital Network Private Limited 32.2/1-1A,Ratnamamba Street, Mogalrajpuram Vijayawada, Andhra Pradesh - 520 010	U93000AP2013PTC088687	Subsidiary	51	2(87)

#### 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	1021000	0	1021000	0.20	1021000	0	1021000	0.15
(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.	262040427	0	262040427	50.32	262040427	0	262040427	38.67
(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
Sub-total (A) (1):-	263061427	0	263061427	50.52	263061427	0	263061427	38.82
<b>(2) Foreign</b>								
(a) NRIs -Individuals	0	0	0		0	0	0	0
(b) Other -Individuals	0	0	0	0	0	0	0	0
(c) Bodies Corporates	22181000	68500000	90681000	17.41	184181000		184181000	27.18
(d) Banks / FI	0	0	0	0.00	0	0	0	0.00



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
(e) Any Other....	0	0	0	0.00	0	0	0	0.00
Sub-total (A) (2):-	22181000	68500000	90681000	17.41	184181000	0	184181000	27.18
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	285242427	68500000	353742427	67.93	447242427	0	447242427	66.00
<b>B. Public Shareholding</b>								
<b>1. Institutions</b>								
(a) Mutual Funds	13529158	500	13529658	2.60	49115929	500	49116429	7.25
(b) Banks / FI	180794	0	180794	0.03	112301	0	112301	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	4001	0	4001	0.00	4001	0	4001	0.00
(g) FIs	20420199	5500	20425699	3.92	83904465	5500	83909965	12.38
(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
Sub-total (B)(1):-	34134152	6000	34140152	6.56	133136696	6000	133142696	19.65
<b>2. Non-Institutions</b>								
(a) Bodies Corporate	41320834	4972	41325806	7.94	30572008	4972	30576980	4.51
(b) Individuals								
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	62231308	211835	62443143	11.99	45155947	368995	45524942	6.72
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	26867895	0	26867895	5.16	13641958	0	13641958	2.01
(c) Others (specify)								
Foreign Bodies	1	0	1	0.00	1	0	1	0.00
NRI	1972196	205202	2177398	0.42	7298852	200702	7499554	1.11
Overseas Corporate Bodies	7575	0	7575	0.00	75	0	75	0.00
Trust	8018	0	8018	0.00	4002	0	4002	0.00

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
Foreign National	500	0	500	0.00	500	0	500	0.00
Sub-total (B)(2):-	132408327	422009	132830336	25.51	96673343	574669	97248012	14.35
Total Public Shareholding (B)=(B)(1)+(B)(2)	166542479	428009	166970488	32.07	229810039	580669	230390708	34.00
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	451784906	68928009	520712915	100	677052466	580669	677633135	100

**(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	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	Direct Media Solutions Private Ltd.	140000000	26.89	135475000	140000000	20.66	87380000	0%
2	Essel Media Ventures Limited	58714951	11.28	0	116431000	17.18	0	98%
3	Essel International Limited	31966049	6.14	0	67750000	10.00	0	112%
4	Digital Satellite Holdings Private Limited	71369898	13.71	51100000	71369898	10.53	62810000	0%
5	Bioscope Cinemas Private Limited	50670529	9.73	0	50670529	7.48	17500000	0%
6	Ashok Mathai Kurien	1021000	0.20	0	1021000	0.15	0	0%
Total		353742427	67.95	186575000	447242427	66.00	167690000	

**(iii) Change in Promoters' Shareholding**

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
<b>1.</b>	<b>Direct Media Solutions Private Ltd.</b>				
	At the beginning of the Year	140000000	26.89	140000000	26.89
	increase / decrease during the year	-	-	140000000	22.79
	At the end of the Year			140000000	20.66
<b>2.</b>	<b>Essel Media Ventures Limited</b>				
	At the beginning of the Year	58714951	11.28	58714951	11.28
	Allotment of equity shares on April 2, 2014 upon conversion of equal no. of Warrants as per terms of issue	57716049	9.40	116431000	18.96
	At the end of the Year			116431000	17.18
<b>3.</b>	<b>Essel International Limited</b>				
	At the beginning of the Year	31966049	6.14	31966049	6.14
	Allotment of equity shares on April 2, 2014 upon conversion of equal no. of Warrants as per terms of issue	35783951	5.83	67750000	11.03
	At the End of the Year			67750000	10.00
<b>4.</b>	<b>Digital Satellite Holdings Private Limited</b>				
	At the beginning of the Year	71369898	13.71	71369898	13.71
	increase / decrease during the year	-	-	71369898	11.62
	At the end of the Year			71369898	10.53
<b>5.</b>	<b>Bioscope Cinemas Private Limited</b>				
	At the beginning of the Year	50670529	9.73	50670529	9.73
	increase / decrease during the year	-	-	50670529	8.25
	At the end of the Year			50670529	7.48
<b>6.</b>	<b>Ashok Mathai Kurien</b>				
	At the beginning of the Year	1021000	0.20	1021000	0.20
	increase / decrease during the year	-	-	1021000	0.17
	At the end of the Year			1021000	0.15

**(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, 2014)		Shareholding at the beginning of the year (March 31, 2015)	
	No. of shares	% of Equity Capital	No. of shares	% of Equity Capital
Religare Finvest Ltd\$	9525742	1.83%	9823931	1.45%
Kotak Mahindra Investments Ltd #	9031596	1.73%	4083345	0.60%
DSP Blackrock Micro Cap Fund\$	6104155	1.17%	12954671	1.91%
Amal Niranjana Parikh\$	5511400	1.06%	5511400	0.81%
Goldman Sachs India Fund Limited\$	3796651	0.73%	8969569	1.32%
Silver Stallion Limited#	3794228	0.73%	80000	0.01%
Route One Investment Company, L.P. A/C Route One Fund I, L.P. #	2959050	0.57%	0	0.00%
Sundaram Mutual Fund A/C Sundaram Smile Fund#	2700000	0.52%	0	0.00%
Route One Investment Company, L.P. A/C Route One Offshore Master Fund L.P. #	2689750	0.52%	0	0.00%
Manish Lakhi#	2550000	0.49%	2009487	0.30%
Orange Mauritius Investments Limited#	2176954	0.42%	4769794	0.70%
Citigroup Global Markets Mauritius Private Limited@	2119000	0.41%	6431063	0.95%
HDFC Trustee Company Limited-HDFC Equity Fund@	0	0.00%	26533000	3.92 %
Morgan Stanley Asia (Singapore) PTE.@	0	0.00%	10420995	1.54%
Route One Fund I, L.P.@	0	0.00%	2905379	0.43%
Polus Global Fund@	0	0.00%	21549030	3.18%
Swiss Finance Corporation (Mauritius) Limited@	0	0.00%	10988282	1.62%
Copthall Mauritius Investment Limited@	0	0.00%	6446624	0.95%

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, 2014 and March 31, 2015  
# denotes top 10 shareholders only as on April 1, 2014  
@ denotes top 10 shareholders only as on March 31, 2015

**(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
<b>1.</b>	<b>Ms. Kavita Kapahi *(Director)</b>				
	At the beginning of the Year	-	-	-	-
	Date wise increase / decrease in Director Shareholding during the year (reason)			-	-
	At the End of the Year	50	0.00	-	-

\* Ms. Kavita Kapahi was appointed on the Board as on March 31, 2015.

\*\*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
<b>1.</b>	<b>Mr. Sanjay Goyal * (Chief Finance Officer)</b>				
	At the beginning of the Year	0.00	0.00	-	-
	ESOP allotment on February 4, 2015	77,840	0.01	-	-
	At the End of the Year	77,840	0.01	-	-

\* Except Mr. Sanjay Goyal, Chief Financial Officer, none of the Key Managerial Personnel holds any share in the Company.

## 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	12490.99	0.00	0.00	12490.99
ii) Interest due but not paid	11.60	0.00	0.00	11.60
iii) Interest accrued but not due	37.96	0.00	0.00	37.96
Total (i+ii+iii)	12540.55	0.00	0.00	12540.55
Change in Indebtedness during the financial year				
Addition	2893.54	0.00	0.00	2893.54
Reduction	(1909.48)	0.00	0.00	(1909.48)
Net Change	984.06	0.00	0.00	984.06
Indebtedness at the end of the financial year				
i) Principal Amount	13475.05	0.00	0.00	13475.05
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	32.60	0.00	0.00	32.60
Total (i+ii+iii)	13507.65	0.00	0.00	13507.65

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Executive Director and Manager

				(₹ million)
Sl. No.	Particulars of Remuneration	Mr. V.D. Wadhwa* (Executive Director & CEO)	Mr. Anil Malhotra# (Manager)	Total Amount
<b>1</b>	<b>Gross salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5.61	4.20	9.81
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	Others, please specify	-	-	-
	Total (A)	-	-	-
	Ceiling as per the Act	-	-	15.94

\* For the period from August 12, 2014 to March 31, 2015

# For the period from April 01, 2014 to October 22, 2014

## B. Remuneration to other directors:

(₹ million)

Sl. No.	Particulars of Remuneration	Mr. B. K. Syngal	Mr. Suresh Kumar Agarwal	Mr. Vinod Kumar Bakshi	Mr. Subodh Kumar	Dr. Subhash Chandra	Total Amount
1	Independent Directors						
	Fee for attending board / committee meetings	0.18	0.34	0.34			0.86
	Commission	-	-	-			0
	Others, please specify	-	-	-			0
	<b>Total (1)</b>	<b>0.18</b>	<b>0.34</b>	<b>0.34</b>			<b>0.86</b>
2	Other Non-Executive Directors						
	Fee for attending board / committee meetings				-	0.02	0.02
	Commission				-	-	0
	Others, please specify				-	-	0
	<b>Total (2)</b>				<b>0</b>	<b>0.02</b>	<b>0.02</b>
	<b>Total (B)=(1+2)</b>	<b>0.18</b>	<b>0.34</b>	<b>0.34</b>	<b>0</b>	<b>0.02</b>	<b>0.88</b>
	<b>Total Managerial Remuneration</b>						<b>0.88</b>

Overall Ceiling as per the Act ₹ 4.4 million (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

(₹ million)

Sl. No.	Particulars of Remuneration	Mr. V. D. Wadhwa* (Executive Director & CEO)	Mr. Sanjay Goyal	Mr. Suresh Kumar	Total
<b>1</b>	<b>Gross salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7.93	4.55	1.77	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission as % of profits	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	<b>7.93</b>	<b>4.55</b>	<b>1.77</b>	

\* For the period from April 1, 2014 to August 11, 2014

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

## Annexure – VII

### 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;	52.68 : 1			
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. Anil Malhotra	10%	
			Mr. Sanjay Goyal	10%	
			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;	470			
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;		% increase in revenue in 2014-15 as compared to 2013-14	20%	
			% increase in EBITDA in 2014-15 as compared to 2013-14	15%	
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 Capitalization (₹ million)	Price Earning ratio
			31.03.2015	25,207.95	-1.90
			31.03.2014	12,652.79	-2.30
			% change	99.23	17.39
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 come 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-manual 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.

Name of the KMP	% increase in remuneration in 2014-15 as compared to 2013-14	% increase in revenue in 2014-15 as compared to 2013-14	% increase in EBITDA in 2014-15 as compared to 2013-14
Mr. V.D. Wadhwa	13%	20%	15%
Mr. Anil Malhotra	10%	20%	15%
Mr. Sanjay Goyal	10%	20%	15%
Mr. Suresh Kumar	10%	20%	15%

11. The key parameters for any variable component of remuneration availed by Director;

The variable component of remuneration of Directors is based on performance of the Company

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:**

	a) Employed throughout the year and in receipt of remuneration aggregating ₹ 60 lakhs or more per annum.		b) Employed for part of the year and in receipt of remuneration aggregating ₹ 5 lakhs or more per month	
<b>Name of the Employee</b>	V.D. Wadhwa	Anil Kumar Malhotra	Vinay Chandhok	Bibhash Jha
<b>Designation</b>	Executive Director & CEO	COO- Strategy and Compliances	COO - Operations	Head - Content & Programming
<b>Remuneration Received</b>	20,950,000 *	7,967,135	2,949,495	26,99,236
<b>Nature of Employment, whether contractual or otherwise</b>	Permanent	Permanent	Permanent	Permanent
<b>Qualifications</b>	CS, LLB & AMP from Harvard Business School	M.Sc (Physics - Solid State)	PGDBA	PGDBA
<b>Experience</b>	30 years	30 years	24 years	21 years
<b>Date of Commencement of employment</b>	29-Apr-13	07-Sep-11	01-Oct-14	01-Dec-14
<b>Age</b>	50 years	52 years	48 years	45 years
<b>the Last Employment held</b>	Timex Group India Limited	Broadband Pacenet (I) Pvt. Ltd.	Reliance Communication Ltd.	Star ESPN
<b>the percentage of equity shares held by the employee in the company</b>	0.00%	0.00%	0.00%	0.00%

Note: 1. All appointments are contractual and terminable by notice on either side.

2. None of the employees is related to any of the Directors.

3. Remuneration includes Salary, Allowances, Reimbursements, Company's Contribution to Provident Fund, Medical Benefits, Leave Travel Allowance & Other Perquisites and benefits valued on the basis of the provisions of Income Tax Act, 1961.

\* Remuneration of Mr. V.D. Wadhwa includes remuneration paid to him as CEO of the Company i.e. from April 1, 2014 to August 11, 2014.

# Management Discussion and Analysis

## ECONOMIC REVIEW

In 2014-15, the Indian economy witnessed the first green shoots of tangible recovery. The year saw perceptible improvement in business confidence, foreign inflows and stability of key macroeconomic indicators. GDP growth (at market prices) improved to 7.3% in 2014-15 compared to 6.9% in the previous year (Source: CSO). This was on the back of a stronger growth in the manufacturing and services sectors.

India is a net importer of global commodities, such as crude and benefited from their steep global price correction. The commodity meltdown helped the Government and Reserve Bank of India (RBI) stabilise key macroeconomic indicators such as inflation, current account deficit and fiscal deficit, all of which had deviated from their desirable levels in the preceding years. With new policy initiatives, these are all now trending towards the desired levels. The commodity price correction is also expected to have a strong positive impact on savings and discretionary spending.

The Government, over the past year has taken several initiatives to create a strong foundation for a sustainable and inclusive growth. Some of these include the introduction of the GST Bill, the Pradhan Mantri Jan Dhan Yojna (PMJDY) to promote financial inclusion, the Smart Cities programme to facilitate urban renewal, and the Digital India campaign to drive a digitally empowered future. These and other initiatives are collectively expected to invite and incentivise domestic and foreign investments into India.

India's strong demographic profile, large consumer base and fast growing middle class have attracted the interest of many global investors and multinational corporations. During 2014-15, a decisive government, and an improving macroeconomic and regulatory environment further enhanced their interest.

## INDUSTRY REVIEW

### Media & Entertainment Industry

In the year 2014, the Indian Media & Entertainment (M&E) industry grew 11.7% and crossed ₹ 1 trillion, for the first time ever. TV, the largest segment in the M&E industry grew by a strong 13.8% to ₹ 475 billion. Digital Advertising (grew 44.5% to ₹ 43.5 billion) and Gaming (grew 22.4% to ₹ 23.5 billion) were the fastest growing segments during the year.

In the year 2014, the Indian Media & Entertainment (M&E) industry grew 11.7% and crossed ₹ 1 trillion, for the first time ever. TV, the largest segment in the M&E industry grew by a strong 13.8% to ₹ 475 billion.

							(₹ billion)
Indian Media & Entertainment Industry – Size and Projections							
Years	2013	2014	2015P	2016P	2017P	2018P	2019P
M&E Industry	918	1,026	1,159	1,330	1,532	1,740	1,964
TV	417	475	543	631	740	855	976
Gaming	19	24	28	32	35	40	46
Digital Advertising	30	44	63	84	115	138	163

Source: FICCI-KPMG M&E 2015 Report

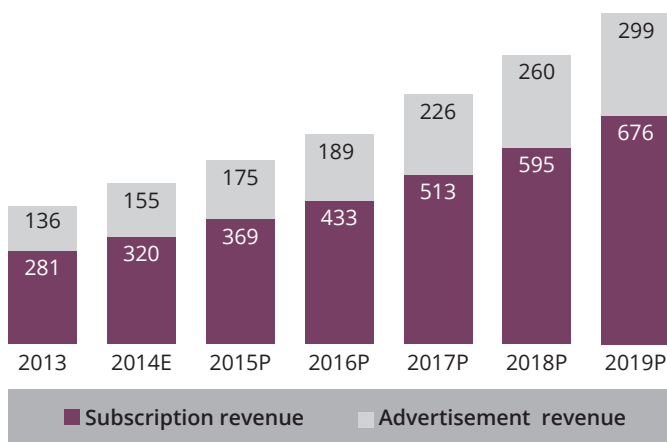
## TV Industry

The TV industry has grown at a CAGR of 13% over the last 5 years and today forms over 46% of the M&E Industry. It is expected to grow by 14.3% to ₹ 543 billion in 2015. Over the 5 year period, between 2014 to 2019, the TV Industry is expected to have an even stronger CAGR of 15.5%. This is significantly higher than the projected overall M&E CAGR of 13.9% during the same period. Looked at another way, the TV industry is projected to add more revenue to the M&E industry going forward, than all other sub sectors put together.

Subscription revenue grew by 13.9% to ₹ 320 billion in 2014. Over the next five years (by 2019), it is expected to grow at a CAGR of 16.1% to ₹ 676 billion. Advertising revenue on the other hand grew by 13.9% during the year and is expected to grow at a CAGR of 14% to ₹ 299 billion by 2019. Subscription is expected to account for 71% of the total incremental increase projected in TV Industry revenue over the next five years, whereas the contribution of advertisement will be under 30%. In 2014, the overall TV penetration in India increased to 61% or 168 million households. India is the world's second largest TV market after China.

## TV Industry Size

(₹ million)

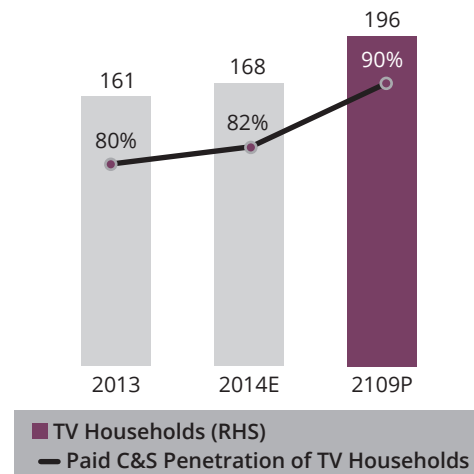


Source: FICCI-KPMG M&E 2015 Report

## Cable and Satellite

The number of Cable and Satellite (C&S) subscribers increased by 10 million in 2014 to 149 million, of which the number of paid subscribers is estimated at 139 million. The numbers of TV households are expected to grow at CAGR of 3.1% between 2014 and 2019. Paid C&S subscriber penetration is projected to increase from the current 82% to 90% of the households in 2019. The increased penetration will result in a rapid growth in the total number of paid subscribers at 175 million (at CAGR of 4.7 %) by 2019.

## Paid C&S Penetration of TV Households (million)



Source: FICCI-KPMG M&E 2015 Report

## Digitisation

The Indian TV industry is going through a rapid and historic transformation. Traditionally, the distribution of television content has been highly fragmented. This and other impediments in the analog regime resulted in a slow growth of the industry. To help consolidate and organise the industry, and to make it more transparent, TRAI formulated a road map to migrate analog customers to digital in 4 phases across a four year period beginning 2012. The first two phases have been rolled out, while the remaining two, i.e. Phase III and Phase IV, are targeted to be completed by December of 2015 and 2016, respectively.

Digitisation Till 2014				
Phase	Regulatory date for shutdown	No. of paid C&S subs (Mn)*	Non-Digitised subs (Mn)	Digitisation including subs
Phase I	Jun-12	12	1	>90%; (100%) excluding Chennai
Phase II	Mar-13	22	1	>95%
Phase III	Dec-15	32	14	~50%
Phase IV	Dec-16	73	54	~25%
Total		139	70	~60%

Source: FICCI-KPMG M&E 2015 Report

## IMPACT OF DIGITISATION

Digitisation will benefit all stakeholders including consumers, the broadcasting industry, the distribution industry and the government.

**Consumers** will benefit through an easy access to hundreds of new channels, sharper picture quality, better services and customised channel packages based on their individual preferences.

**The broadcasting industry** will benefit through higher transparency, resulting in lesser revenue leakages, more accurate subscriber base information and higher subscription revenues.

**The distribution industry** will benefit from higher subscription revenues, more efficiencies, better margins, opportunity to sell bundled services and more accurate data collection.

**The Government** will benefit through higher transparency resulting in higher tax revenues. This has been a key reason for the rapid growth of the Direct-To-Home (DTH) business.

Digitisation will also benefit players across the distribution value chain -- the broadcasters who produce the content, the Multi System Operators (MSOs) who operates multiple cable television systems and Local Cable Operators (LCOs) who provide last mile connectivity to individual homes. In addition, a few MSOs who have a greater operational control of their networks are entering majority ownership of joint ventures and acquiring the primary points (LCOs) to meet certain cost value criteria.

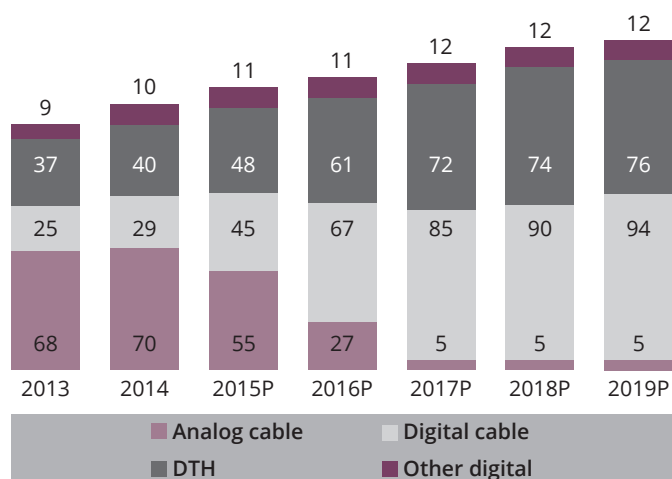
The digital cable subscriber base is expected to have a CAGR of 26.5% over the next 5 years, compared to DTH's expected CAGR of 13.7%.

In terms of net subscriber addition over the next five years, digital cable is projected add 65 million new subscribers compared to 36 million for DTH.

Unlike DTH which came into existence more than a decade ago, digital cable has only been in the market for three years. Its performance has to therefore be viewed in this context. With the implementation of Digital Addressable Cable TV Systems, and given its numerous advantages, it is fast becoming the preferred option over DTH for consumers. These include the ability to carry many more channels, higher resilience under adverse weather conditions, provision of bundled services like broadband, lower maintenance costs, more value for money for the customer, ability to offer exclusive local channels and a prompt service support. For these reasons, the digital cable subscriber base is expected to have a CAGR of 26.5% over the next 5 years, compared to DTH's expected CAGR of 13.7%. In terms of net subscriber addition over the next five years, digital cable is projected add 65 million new subscribers compared to 36 million for DTH. (Source: FICCI-KPMG M&E 2015 Report)

## No. of Subscribers

(₹ million)



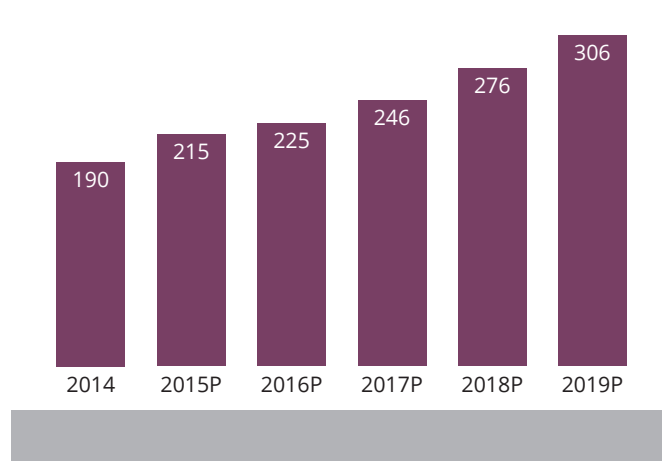
Source: FICCI-KPMG M&E 2015 Report

### Growing ARPU

MSOs are equipped to address a variety of consumer demands and yet remain cost-competitive while driving higher yields. This is happening through an innovative use of package-wise billing intelligently bundled with a other value added services. Together with this, a equitable revenue sharing arrangement with LCOs is also favourably impacting the Average Revenue per User (ARPU) of the MSOs. Demand for services such as HD channels and premium channels has also helped in increasing ARPU. According to data published by [indiatelevision.com](http://indiatelevision.com), the share of net ARPUs to multi system operators (MSOs) have grown 10x, to INR 100 per subscriber per month due to the transition from analog to digital.

## Digital Cable ARPU

(₹)



Source: FICCI-KPMG M&E 2015 Report

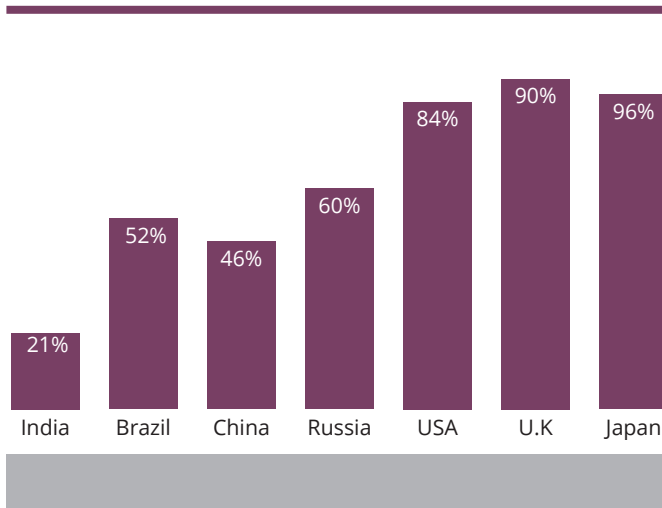
A 13.2 % increase in ARPU is projected for digital cable in 2015, compared to the previous year. This will be primarily driven by expected realisation increase, a better product mix in the form of additional services such as HD and premium channels besides other value-added services. Digital cable ARPUs are expected to have a strong CAGR of 10% over the next five years, from ₹ 190 in 2014 to ₹ 306 in 2019. Going forward, the growth in digitisation will have a positive impact on the operating margins of MSOs.

### Broadband

The number of internet subscribers in India stood at 267 million at the end 2014. Nearly 86 million of these are broadband subscribers, of which 19 million are wired internet subscribers.

India's internet penetration, at 21% is less than half of any other comparable emerging economy -- China, Brazil or Russia. The increasing proliferation of technology-enabled devices, policy-driven push through programmes such as the Digital India campaign and high-speed broadband highways will all lead to a dramatic increase in the internet subscriber base and penetration levels. (Source: TRAI)

## Internet Penetration



Source: TRAI, FICCI-KPMG M&E 2015 Report

In India, 68% of internet subscribers use DSL (narrowband) technology for internet connections. Globally, however the cost effective Data Over Cable Service Interface Specification (DOCSIS) technology – commonly referred to as broadband, is predominant because it allows a higher speed compared to DSL technology. The growth in subscriber base of broadband is significantly higher than that of DSL. This is due to the preference of new users for high-speed broadband and migration of existing DSL users. The percentage of broadband subscribers with over 10 Mbps of speed were 1.1% of the total connected population in Q4CY2014, registering a year-on-year increase of 104%. The percentage of broadband subscribers with over 4 Mbps were 7.8% of the total connected population in Q4CY14, a year-on-year increase of 86%. (Source: AKAMAI, The State of the Internet / Q4 2014; 199 countries surveyed across Geographies). This points towards a scenario where high-speed broadband connections is the clear preference.

In 2014, average internet traffic grew by 30% to 714 Petabytes (PB) per month compared to 550 PB per month in 2013. Peak internet traffic grew much faster by 40% during the year. During the year, fixed/wired IP traffic grew by 36%.

The average broadband speed grew by 33% to 4.0 Mbps as compared to 3.0 Mbps in the previous year. During the year, the average data generated by a household increased by 32% to 12.1 Gigabytes (GB) per month compared to 9.2 GB per month in CY2013. The number of internet households generating more than 50 GB per month of data increased by 55% to 1 million during the year (Source: Cisco). The preference for high speed internet and the growing consumption of data, is therefore the two key demand drivers of the internet technology in India.

The broadband business offers multiple synergistic benefits to MSOs by allowing them to leverage their existing infrastructure and consumer base. Wired internet provides faster, cheaper and more reliable internet connectivity compared to wireless. It is therefore a preferred option for high speed and heavy data downloads. During the year, wire-line contributed 52.6% to the total internet traffic, much ahead of other broadband technologies. Broadband offers higher ARPU and margins than digital cable and is in line with the changing consumer preferences for non-linear access of content. Given the low penetration of internet in India, the broadband segment is an attractive growth opportunity.

### All India Digital Cable Federation (AIDCF)

AIDCF is an industry association of major Indian Multi System Operators (MSOs) created in October 2014. The objective of AIDCF is to organise the Digital Cable Industry for the overall benefit of all stakeholders and to facilitate and further create momentum for digitisation for Phase III and IV. Its members include all the leading MSOs such as SITI Cable, Hathway, Den Network, In Cable, Digi Cable, Fastway, GTPL, ICNCL and Manthan, among others. The Federation unanimously elected Mr. V D Wadhwa, Executive Director & CEO of SITI Cable, as their President for an initial term of two years.

AIDCF plans to drive the initiatives and programmes for the overall development of the industry. The Federation is the authorised body to represent the industry and interact with TRAI, Ministry of Information and Broadcasting, Financial Institutions, other technical bodies and industry associations.

## Policy initiatives

The Government has undertaken several initiatives that directly or indirectly affect the digital cable industry. The implementation of Goods and Services Tax (GST) and Digital India campaign are two factors that will have a positive impact.

### Goods and Services Tax

The implementation of the GST, when done, will eliminate multiple taxes such as service tax, entertainment tax and VAT, helping the industry to be more tax efficient. It will also standardise the tax structure across states enabling a more uniform and competitive fee structure for players. AIDCF has also submitted its recommendations to the GST committee with a suggestion to subsume entertainment tax under the GST.

In order to ease MSOs' broadband expansion plans, the AIDCF recommended the removal of the 8% AGR (Adjusted Gross Revenue) to the Information and Broadcasting Ministry (I&B) and the Department of Telecommunications (DoT). The AIDCF also sought the Government's intervention in the protection of expensive infrastructure laid on ground by the MSOs since there is currently none in place. In addition, the AIDCF requested the Government to rationalise the import duties on network equipment and to allow the use of Universal Service Obligation (USO) fund for wireline network rollout in the country.

(Source: <http://www.indiantelevision.com/cable-tv/msos/aidcf-submits-recommendations-to-ib-asks-for-removal-of-8-agr-on-cable-broadband-150708>)

### Digital India

With a vision to transform India into a digitally-empowered society and knowledge economy, the Government launched Digital India programme. The programme aims create a single, easy-to-access platform for citizens to engage with the various departments of the Government, and to ensure the electronic availability of government services.

The three core components of Digital India are creation of digital infrastructure, digital delivery of services and digital literacy. Digital infrastructure will focus on providing high-speed secure internet across entire rural and urban India. Through this programme, the Government endeavours to link the largest of Indian cities to the smallest of the villages

through high-speed broadband highways. Additionally, through a better internet connectivity, the Government plans to strengthen India's technological infrastructure across key sectors such as education, finance, healthcare, agriculture and governance. Digital literacy will focus to empower citizens by making them digitally literate and by providing digital services and resources in Indian languages. Digital delivery will focus on public accountability and providing government services digitally.

## INDUSTRY OUTLOOK

### PAY TV: POTENTIAL USD 9-11 BILLION INCREMENTAL ANNUAL REVENUE OPPORTUNITY

- Digitisation represents a potential USD 9-11 billion incremental annual revenue opportunity for the TV distribution sector, implying scope for tripling of TV subscription revenue from ~USD 5 billion in CY 2013 to USD 14-16 billion by CY 2019.
- Indian pay TV ARPU of USD 3 has significant room to grow as the low levels are primarily due to supply side fragmentation rather than lack of customer value proposition/paying ability.

### BROADBAND: ₹ 15-23 BILLION VALUE CREATION OPPORTUNITY FOR EACH OF TOP 3 MSOS

- The top 3 Indian MSOs together have over 35 million universe and can conservatively reach a 4-5 million potential broadband subscriber base.
- Cable reaches over 90 million households in India as compared to ~28 million households reached by wire line telephones, making it a much more potent medium for delivering broadband.

(Source: Motilal Oswal: Media | Pay TV Operators, Nov 2014)

Digital technologies will continue to drive a high degree of convergence between entertainment, information and telecommunication. This will create a significantly enhanced viewership experience and will lead to new opportunities for all digital players in general and MSOs in particular. Digital cable, unlike most other technologies, allow two-way communication, have a localised nature of services and are more reliable, owing to the resilience of their infrastructure to harsh weather conditions.



India has one of the lowest pay television ARPU, globally. With the migration of existing analog subscribers to digital and the addition of new subscribers, the industry will witness greater transparency, subscriber oriented initiatives and a consistent increase in ARPU. ARPU growth will come from an increase in the base prices, healthy mix of package wise billing, increase in subscribers opting for value added services and also new due to launch of new services. Digitisation will also result in significant transfer of power and revenue share from LCOs to MSOs.

The broadband industry in India is at a very nascent stage. The percentage of users with over 4 Mbps connection as on December 2014, was 7.8% in India as compared to 27% in China, 88% in Japan and 95% in South Korea (Source: AKAMAI Q4 2014 Report). Only 1.5 users per 100 people in India use a wired broadband connection today. (Source: TRAI Q4 2014 Report)

Internet traffic in India is projected to grow 4.2x over the next 5 years to 3.0 Exabytes (EB) per month, while busy hour internet traffic is projected to grow to 5.6x over the same period. This growth is going to be led by significantly higher consumption of video traffic, which is projected to grow to 7x to 2.2 EB per month by 2019 compared to 326 PB in 2014. The total internet video traffic will increase to 74% of all internet traffic in 2019 compared to 46% in 2014. The Ultra HD, HD and SD will be 6.1%, 38.1% and 55.8% of internet video traffic in 2019, respectively, compared to 0.2%, 7.1%, 92.6%, respectively, in 2014. The internet-video-to-TV is projected to grow to 8x between 2014 and 2019. (Source: Cisco VNI Forecast)

The growth in data consumption will be supported by a growth in network speed. The average broadband speed is projected to grow by 2.9x to 11.6 Mbps between the years 2014 and 2019. In 2019, 46% of the fixed broadband connections will be faster than 5 Mbps as compared to 24% in 2014. Similarly 36% of the fixed broadband connections in 2019 will be faster than 10 Mbps compared to 11% in 2014. The internet traffic generated by an average internet household is projected to grow 3.4x to 40.8 GB in 2019 compared to 12.1 GB in 2014. The number of households

generating more than 50 GB per month will grow 27x in 2019, or 27 million internet households, compared to 1 million households in 2014. (Source: Cisco VNI Forecast)

To tap the projected demand potential in the digital cable as well as the broadband segments, the Industry will need to keep up the pace of investments in infrastructure and network. In digital cable, this is likely to increase the pace of consolidation with the top MSOs controlling a major portion of the market share. With higher economies of scale, optimal use of modern technologies and better utilisation of the infrastructure, the industry is likely to witness significant improvement in its cost and capital efficiency parameters. (Source: FICCI KPMG Indian M&E 2015 Report)

## COMPANY OVERVIEW

SITI Cable Network Limited (earlier known as Wire and Wireless (India) is one of India's leading Multi System Operator (MSO). The Company is part of the USD 8 billion Essel Group that has a strong presence across the media industry and interests in infrastructure, education, packaging, precious metals, gaming, theme parks and health, lifestyle and wellness. The Group is one of the leading producers, content aggregators and distributors of Indian programming globally and has presence in over 169 countries.

SITI Cable provides digital / analog cable TV and broadband services and has a subscriber base of over 10.5 million across India. Presently, the Company has 61 analog and 15 digital head ends and a network of more than 14,600 Kms of optical fibre and coaxial cable.

## Operational Review

2014-15 was an important and successful year for SITI Cable. The total cable subscriber base was 10.5 million compared to 10 million in 2013-14. However, there was a significant increase in the digital subscriber base compared to 2013-14 – from 3.8 million to 5.38 million. We expanded our digital cable presence to 130 cities. Our internet subscriber base expanded to 70,100 at the end of the 2014-15, across 5 cities. This represents a nearly 80 per cent growth from the 38,600 subscribers we had at the beginning of the year.

During the year, we continued to expand our reach by entering into newer cities that were part of the Phase II rollout plan proposed by the Ministry of Information and Broadcasting (MIB). Together with this, we also carried out proactive seeding in cities and territories falling in Phase II and Phase III of the roll-out plan. We increased our focus towards monetising our existing infrastructure by bundling additional high margin services such as broadband and HD channels. As a result, our revenues grew by 32%, while EBITDA grew by 34% in 2014-15. Operating EBITDA grew even faster by 133.6% on a year-on-year basis, underscoring the increasing share of recurring revenue in the total.

#### **Extending reach**

In 2014-15, we continued to act on our focus to create an intensive pan-India presence. We marked our presence in new regions such as Nagpur, Pune, Mysore and Dehradun. As a part of the Phase III roll out plan, we entered into several new towns in the states of Kerala, Madhya Pradesh, Maharashtra, Andhra Pradesh and Haryana.

#### **Harnessing operating leverage of existing infrastructure**

During 2014-15, we continued to make incremental investments to extend our reach and increase the share of high return, high margin broadband services. This was done with a view to optimise the use of our existing infrastructure. We launched high-speed internet services on the DOCSIS 3.0 platform in Delhi/NCR by leveraging our existing cable network. The DOCSIS 3.0 platform allows us to offer internet speeds ranging from 5 Mbps to 100 Mbps with a data plan policy up to 100 GB at very competitive prices. We will continue to leverage DOCSIS and EOC technologies to offer multiple, differentiated combinations of broadband services aligned to evolving consumer preferences across the cost, speed and data download limits paradigms.

We work to identify new revenue streams in line with our revenue maximisation strategy. In 2014-15, we introduced fresh platforms for advertisers to connect with their desired target group by using our Set Top Box as a platform.

Advertisers can now place their ads on the Electronic Programming Guide (EPG), boot up screens, channel bar and the volume bar.

#### **Enhancing Margins**

At SITI Cable, we are fine tuning our strategy and leveraging our core strengths to drive higher margins from our operations. Some of these strategies include:

##### **Increasing ARPU**

We are making ourselves relevant to consumers by offering innovative and flexible channel packages on an a-la-carte basis. Therefore consumers can create a bespoke bundle of channels to watch in accordance with their taste and needs. These packages enhance consumer loyalty, lead to greater stickiness, and help in enhancing our ARPU. We also offer bundled services by including premium content such as HD channels with our existing cable services to further augment ARPU.

##### **Improving Monetisation of LCOs**

LCOs are an integral part of our system and we consider them partners in our business strategy and growth. During 2014-15, we worked closely with them to jointly market our products and services, increase our last-mile visibility and generate consumer awareness and a demand pull. We also devised a more equitable revenue share mechanism that represents a win-win for both the LCOs and us. This is done through the mechanism of an interconnect agreement, which we have entered into with all our LCOs and are regularly sharing revenues.

##### **Net Content Cost**

During 2014-15, we continued to focus on rationalisation of net content cost. We maintained our focus on building mutually beneficial and long-term relationships with major broadcasters in order to offer our subscribers the best of content at competitive rates. Our content cost grew in line with the industry average during the year. We also increased our carriage revenues by 9.6%, underscoring the extensive reach that we provide to various channels.

## Broadband

Broadband is a high margin, high-growth business. We are focusing on optimally leveraging our digital cable infrastructure to provide cost-effective, high-speed broadband services. At SITI Cable, we believe that India's demographic profile and rising economic prosperity and awareness levels will lead to a rapid proliferation of internet connections and data downloads. Therefore, broadband services have a very bright future, with its stable speed and lower costs. The broadband business enjoys huge synergy with our digital cable business. The two-way communication capability of digital cable enables us to provide broadband services by undertaking much lower investments and hence at a much higher ROI. Additionally, our strong LCO partnerships equip us to provide high quality localised broadband services to our subscribers without a proportionate increase in operational and maintenance costs. In 2014-15, we have augmented our broadband reach and subscriber base.

## Harnessing synergies within the Group

SITI Cable is part of the Essel Group, India's leading vertically-integrated media and entertainment (M&E) group. Essel Group is also one of the leading producers, content aggregators and distributors of Indian programming, globally. DISHTV, our sister concern, is Asia's largest Direct to home (DTH) company. Our Group's integrated presence across the M&E value chain has enabled us to derive efficient costs in many facets of our operations. Through a consolidated procurement of content, facilitated through Comnet, our Joint Venture with DISHTV, we are looking to negotiate a improved deal from broadcasters and accordingly offer more value to our customers. We jointly procure common supplies like STBs, augmenting our bargaining power and leveraging on economies of scale. In addition, we have started transitioning certain back-end processes to our Group shared services entity. This lowers operating costs while allowing the operational team to focus on the core business.

## Effective LCO partnerships and consumer focus

Over the last few years, we have taken several steps to deepen our relationship with our subscribers and partner LCOs. We are the only MSO that provides gross billing in Phase-1 cities. We provide a web-based "Own Your

Customer" Subscriber Management System, allowing our LCO partners real-time access to subscriber billings, payments, account statements, activation, de-activation, up-gradation, down gradation, packaging and monthly collections. We have set up two call centres with toll-free access for efficient and timely customer service.

We also extended our reach during the year and acquired select direct points from LCOs in the NCR region.

## High level of Professional, Integrity and Work Ethics Professional Management Team

SITI Cable is led by a competent team of seasoned professionals with a focus on corporate governance. During the year, we expanded our leadership quotient by inducting leading talent at senior and middle management level from consumer-oriented industries.. A few of the senior professionals who joined us during the year include:

- ▶ Mr. Vinay Chandhok (Chief Operating Officer) – He has over 24 years of experience and has led large teams in mass distribution, retail operations and enterprise/institutional sales.
- ▶ Mr. Sanjeev Mahajan (COO Broadband) – He has over 27 years of experience as a sales professional with leading telecom companies.
- ▶ Mr. Bibhash Jha (Head Content & Carriage) – He has over 20 years of distribution experience, including 15 years with Star Sports India.
- ▶ Mr. Anil Jhamb (Chief Technology Officer, Broadband) – He has 23 years of experience in the areas of Network Engineering Technology & Operations.

## Compliance, Integrity and Work Ethics

We strive to maintain the highest standards of integrity and compliance across our operations. We adhere proactively to regulatory guidelines, maintain a high level of transparency and have uniform commercial policies across all our locations. We are among the only MSOs to have entered into interconnect agreements with all our LCOs and share revenues with them as per agreement. In line with our principles, we

do not release pre-activated STBs to shore up our numbers. We activate our STBs only after receiving activation charges along with a completed subscriber acquisition form and necessary clearances. Additionally, we are the only MSO to provide gross billing in phase 1 cities as per TRAI guidelines. Till date a majority of our subscribers have submitted their customer application forms and we have full cognizance of our customers' coordinates and preferences.

### Fund Raising

During 2014-15, we successfully raised ₹ 2,211 million from the secondary market via the Qualified Institutional

Placement route in March 2015. The capital raised is to fund our Phase III expansion and to roll out broadband in various cities. Marquee investors such as HDFC, UBS, Reliance MF and others subscribed to this issue.

### Financial Review

As a result of our expansion and monetisation strategies SITI Cable reported a strong financial performance in 2014-15. Our revenues grew by 32%, and EBITDA grew by 34%. Operating EBITDA grew even faster by 133.6% on a year-on-year basis, underscoring the increasing share of recurring revenue in the total.

A detailed analysis of the key financial metrics follows.

<b>Total Revenue</b>		<b>(₹ million)</b>		
Parameters	2014-15	2013-14	Growth (%)	
Subscription	5,313	3,395	56.5%	
Carriage	2,490	2,271	9.6%	
Activation	624	806	-22.5%	
Broadband	265	173	53.3%	
<b>Total Revenue</b>	<b>9,370</b>	<b>7,103</b>	<b>31.9%</b>	

Net operating revenues grew by a 29.9% during the year. Their growth was aided by an impressive 56.5% growth in subscription revenues. The share of subscription to net operating revenues increased to 57% during 2014-2015 compared to 48% in 2013-14. The growth in subscription revenues was achieved as a result of price escalations and a better product mix. Revenues from the broadband business increased by 53.3% during the year as a result of our strong focus on growing this vertical. Activation revenues showed a de-growth during the year due to the deferment of the Phase III deadline.

<b>Expenditure</b>		<b>(₹ million)</b>	
2014-15	2013-14	Growth (%)	
7,686	5,844	31.5%	

Total expenditure grew by 31.5% during 2014-15. This was primarily due to a 53% (to ₹ 5,108.2 million) increase in carriage sharing, pay channel and related costs. Increase in

the pay channel cost was broadly in line with the industry average. There was also a 35.6% increase in employee benefit expenses to ₹ 517.9 million. There was an increase in the distribution cost as the gross billing was implemented for the complete year compared to a few months last year in all Phase I cities and for part of the year in a few of the Phase II cities as well.

<b>EBITDA</b>		<b>(₹ million)</b>	
2014-15	2013-14	Growth (%)	
1,684	1,259	33.8%	

Total EBITDA during 2014-15 by 33.8%, to ₹ 1,684 million. EBITDA margin expanded by 25bps to 18 %. Operating EBITDA (EBITDA excluding activation income) grew by a strong 133.6% to ₹ 1,060 million, underlining the strong growth in our recurring operating profits. Operating EBITDA expanded by 491 bps to 12.1%.

<b>Profit After Tax</b>		(₹ million)
2014-15		2013-14
(1,019)		(833)

Loss after tax during 2014-15 increased to ₹ 1,019 million from ₹ 833 million in 2013-14 due to an increase in depreciation by 58.5%. The increase in depreciation was due to capitalisation of many fixed assets in the gross block, seeding of STBs. The rate of depreciation and its quantum was also affected by a revision of the useful life of assets during the year, consequent to the changes in the Companies Act, 2013. Tax expenses also increased by 161% during the year, on account of profit reported in certain subsidiaries

<b>Finance cost</b>			(₹ million)
2014-15	2013-14		Growth (%)
1,209	1,191		1.5%

The finance cost remained largely constant during the year. However, on account of a higher revenue and operating EBIDTA, the interest coverage ratio and share of interest in total expenditure dropped dramatically.

<b>Share Capital; Reserves and Surplus</b>			(₹ million)
Parameters	2014-15		FY 2013-14
Share capital	678.27		521.35
Share suspense	-		314.63
Reserves and surplus	1,151.16		(1,582.98)
Money received against warrants	-		1,870.00

During the year, we raised ₹ 2,211 million from a group of Qualified Institutional Bodies (QIBs) and shares suspense & Warrants converted into shares capital as well as reserve & surplus. This has led to an increase in the Share Capital as well as reserve & surplus.

<b>Fixed Assets</b>		(₹ million)
Parameters	2014-15	2013-14
Fixed Assets	10,850	9,289.6

Fixed assets increased by 16.8% due to broadband capex and STB seeded in new location.

<b>Current Assets</b>		(₹ million)
2014-15		2013-14
10,378.2		7,728.7

During the year, current assets increased by 34.3%, due to an increase in inventories and trade receivables such as carriage and subscription. There was also an increase in cash & bank balances and short-term loans/advances.

<b>Current Liabilities</b>		(₹ million)
2014-15		2013-14
9,543.7		5,923.5

During the year, current liabilities increased by 61.1%, due to a 119% increase (to ₹ 6,430.6 million) in the credit availed for new set top boxes and rollover of earlier credit.

## Risk Management and Mitigation

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

Nature of risk	Risk explanation	Risk mitigation
<b>Preference risk</b>	Consumer preferences are evolving rapidly. This trend is more accentuated in the M&E industry. The result is what is contemporary today, may be passé 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 and pricing in cable network.</p> <p>We currently have four 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</p> <p>Besides, our broadband capabilities are bringing top-notch speed, ability to connect to multiple devices and attractive data plans for our consumers.</p>
<b>Migration risk</b>	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 I, Phase II and Phase III of the MIB plan. Besides, we are collaborating with LCOs to conduct brand-building and consumer awareness initiatives.</p> <p>Such initiatives help subscribers understand the benefits of digital services, as well as their rights and options.</p>
<b>Awareness risk</b>	LCOs function as primary facilitators of our business expansion. Therefore, lack of training and motivation of LCOs may impact business growth.	We have provided the relevant software to our LCOs to help them manage their customers better. 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.
<b>Content risk</b>	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 procure content through Comnet, our Joint Venture with DISHTV, to negotiate an improved deal from broadcasters and offer greater value to our customers.</p>
<b>Talent &amp; technology risk</b>	Inability to attract the right talent and adopt the relevant technologies can jeopardize 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 are consistently deploying advanced technologies to enhance the consumer viewing experience.</p>
<b>Input cost escalation risk</b>	Increase in costs of procuring STBs can affect our profitability.	<p>We procure STBs through our in-house shared services entity. This allows us to augment our bargaining power and leverage economies of scale. We extensively evaluate and negotiate with vendors from India, China and Korea to procure STBs which are acclimatised to Indian weather conditions.</p> <p>In addition, we are procuring MPEG4 STBs which are future ready and enable a 30% saving in bandwidth charges. We are also taking bandwidth from telecom players to reduce fixed operating costs.</p>

### Internal Control Systems

At SITI Cable, we have implemented sound internal control systems to ensure continuity of operations and efficient management of risks. We have adopted well-defined standard operating procedures, covering various scenarios. We have empowered relevant people to take appropriate actions. To ensure an optimal productivity while maintaining stringent and adequate controls, we have assigned limits, defined operational budgets and an approval mechanism for all our subsidiaries. We have procured compliance modules to manage subsidiary operations better. High-value transactions by subsidiary companies, such as purchase of head-ends or capital expenditure, are cleared through a robust approval mechanism.

We have put in place requisite systems to ensure responsible utilisation of the organisation resources and protection of assets against unauthorised use. Through incorporation of standard operating procedures into the SAP cash management system we monitor and record of various transactions and maintain high levels of operating efficiency.

Compliance with various policies and procedures are periodically monitored across various levels by a team of internal and external auditors. The internal audit committee meets four times every year to review the internal control mechanism of the Company and capability of the system to reduce the risks to acceptable levels.

### Human Resource Development

At the heart of our organisational objective is to build a strong, performance driven and empathetic people culture. We have created an environment and formulated policies that enable us to attract, nurture and retain top-notch talent that is the best in the industry. We have a structured induction programme to ensure smooth on-boarding of new employees. In addition, a well-articulated career advancement program helps employees aspire for career growth and greater responsibilities. Our performance-rewarding culture is accentuated by monetary and intangible incentives designed to encourage excellence.

### Performance-driven Appraisal System

In order to create an excellence driven organisation that fosters a proactive and creative approach, we

have developed a KRA and PLI (Performance Linked Incentive) based appraisal system. KRAs are defined for each team member at the beginning of the appraisal cycle and periodically reviewed. The compensation structure comprises of a fixed and variable component. Performance during the year and evaluation against defined KRAs is the basis for defining incentives and career growth. We are also looking to introduce an ESOP scheme for Senior management and Key Personnel shortly to align priorities further.

### ACE Employee of the month

The programme is aimed at recognising the efforts of employees towards excellence in operational performance. Its broader objective is to boost team and individual morale towards greater productivity. The award comprises an appreciation certificate a trophy and a prize.

The ACE monthly winner is decided by the 'Rewards and Recognition Committee' after evaluating nominations received from various departments across the country. At the end of the year, all 2 ACE employees compete for the ACE Employee of the Year recognition. The winner receives the CEO's certificate for the year, a trophy and an all expenses paid family holiday in India.

### Induction Programme: Voyage

The Voyage 2014 programme focused on inducting candidates from diverse industries and to take them through a 'building blocks' training to ensure future growth. This is part of our strategy of cross-pollination of ideas and adopting best practices from lateral learnings. Voyage introduced the mentor-mentee methodology for new joinees. With a rigorous two month induction schedule, the programme enabled new joinees to hone industry knowledge and get orientated with the organisational processes. As a result, new joinees are able to hit the ground running and perform to the best of their abilities in their respective profiles.

### Training and Development: Corporate Culture

Orientation into the corporate culture is a programme which is specifically designed for people who are with the organisation for three months or less. The programme focuses on supporting employees in adjusting to the new culture and internalise the spirit of the organisation.

This has enabled our new recruits get comfortable in the operating environment and make new friends.

### **Talent Acquisition: New hires from different Industries**

In 2014-15, SITI Cable inducted cross-functional expertise from diverse industries. This brought to us many fresh perspectives and best practices from various consumer-interfacing industries such as telecom, FMCG and broadcasting. This is expected to foster growth and aid our transformation into a consumer-centric organisation.

### **Outlook**

During the last three years, we have aggressively invested to expand our reach across India. The inherent advantage of our business model enables us to leverage our existing infrastructure to offer dual play, viz. content and broadband, with very limited new investments. We will continue to invest in Digital Cable, DOCSIS 3.0 and EOC technologies to ensure we provide multiple options to the consumer to view content.

Viewers are rapidly shifting to non-linear content consumption, where the TV is one of the many platforms on which content is viewed. This is aided by the growing penetration of smart devices and internet enabled TVs. SITI Cable, through its high speed broadband services and other bundled VAS services is well positioned to suitably address this growing demand in

its focus markets. Therefore, we shall be a platform for our customers to access the internet and television content from, anytime, anywhere. Our growth shall be aided by the inherent advantages of digital cable over other technologies. Together with this, we shall leverage the strong capabilities of our Group in the M&E industry, which allows us to provide a formidable combination of content, distribution platforms, service quality and value mix.

In the near-term, our investments will remain consistent as we further expand our digital cable network across India and launch broadband services in newer markets. Upon completion of this infrastructure creation, the routine operational and maintenance costs will be much lower, leading to recurring and stable cash flows (with a positive bias) and lower finance costs. With an expanded subscriber base, growing penetration of our broadband services and increasing demand of other value-added services, we anticipate a consistent improvement in our margins. We shall also benefit from the tailwind provided by the impending improvement in the economy that will boost discretionary spends. This in turn, will drive a higher demand for premium channels and HD channels among others, leading to a further growth in our ARPUs.

Therefore, SITI Cable is confident of its ability to deliver strong and sustainable stakeholder returns in the years to come.

### **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.



# Report on Corporate Governance

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is the system by which corporate entities are directed and controlled. It provides the structure through which the company's objectives are set, and provides the means of attaining those objectives including monitoring of performance. It is the application of best management practices, compliance of law, adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for the sustainable development of all stakeholders. The essence of good Corporate Governance includes, *inter-alia*, transparency of corporate structures and operations, the accountability of managers and the Board to shareholders, and corporate responsibility towards stakeholders.

We believe that it is imperative for us to manage our business affairs in the most fair and transparent manner with a firm commitment to our values. For us, corporate governance is an ethically driven business proves that is committed to values aimed at enhancing an organisation's brand and reputation. Our corporate governance framework is a reflection of our culture, our policies our relationship with stakeholders and our commitment to value. Accordingly, we always seek to ensure that our performance is driven

by integrity. This is vital to gain and retain the trust of our stakeholders.

## POLICIES

### Whistle Blower & Vigil Mechanism Policy

As per Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, a comprehensive Whistle Blower and Vigil Mechanism Policy has been approved and implemented within the organization. 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 victimization.

### Code of Conduct

The Board of Directors of the Company have approved and adopted Code of Conduct for Members of the Board of Directors and Senior Management of the Company. The Code is circulated to all the members of the Board and management personnel and the compliance of the same is affirmed by them annually. The Code has been posted on Company's website, viz. [www.siticable.com](http://www.siticable.com)

A declaration affirming compliance with the code of conduct by the members of the board and senior management is given below:

## DECLARATION

I confirm that the Company has obtained from all Directors and Senior Management of the Company their affirmation of compliance with the 'Code of Conduct for Members of the Board of Directors and Senior Management' of the Company for the financial year ended March 31, 2015.

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

May 15, 2015  
Noida

## Related Party Transactions Policy

In compliance with the requirements of Clause 49 of the Listing Agreement, 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.siticable.com](http://www.siticable.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.

Mr. Suresh Kumar, Compliance Officer & Company Secretary of the Company is Compliance officer for the purposes of Insider Trading Code, while Chief Finance Officer of the Company has been appointed as Chief Investor Relations Officer for the purpose of Fair Disclosure policy.

### Familiarisation Program for Independent Directors

Independent Directors are familiarized 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. 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 individual channels / profit centers is made to the Board.

## BOARD OF DIRECTORS

### Composition

SITI Cable Network Limited ('SITI Cable') 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 Clause 49

(II)(A) of the Listing Agreements. 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 Clause 49.

### Composition of the Board as at the close of March 31, 2015

Category of Director	No. of Director	Percentage to total no of Directors
Executive Director	1	14
Non Executive Independent Director (Including Women Director)	4	57
Other Non Executive Non Independent Director	2	29
<b>Total</b>	<b>7</b>	<b>100</b>

### Number of Board Meetings

During the financial year under review, 5 (five) meetings of the Board were held on May 28, 2014, July 17, 2014, August 12, 2014, November 11, 2014 and February 4, 2015. The intervening period between any two Board Meetings were well within the maximum time gap of one hundred and twenty days under Clause 49 of the Listing Agreement. The annual calendar of meetings is broadly determined at the beginning of each financial year. The Board meets at least once a quarter to review the quarterly performance and financial results of the Company.

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

As mandated by Clause 49, none of the Director is a member of more than ten Board level Committees or Chairman of more than five Committees across companies in which he/she is a Director. Relevant details of the Board as on March 31, 2015 are given below:

Name of the Director	Attendance at		No. of Directorship of other Public Companies <sup>†1</sup>	No. of Membership/ Chairmanship of Board Committees <sup>‡2</sup>	
	Board Meeting (Total Board Meeting held 5)	AGM held on 12.08.2014		Membership	Chairmanship
<b>Non - Executive Chairman</b>					
Mr.Subhash Chandra*	1	No	7	Nil	Nil
<b>Non - Executive Independent Director</b>					
Mr. B.K.Syngal	3	Yes	3	2	1
Mr. Vinod Kumar Bakshi	5	Yes	2	3	Nil

Name of the Director	Attendance at		No. of Directorship of other Public Companies†1	No. of Membership/ Chairmanship of Board Committees ‡2	
	Board Meeting (Total Board Meeting held 5)	AGM held on 12.08.2014		Membership	Chairmanship
Mr. Sureshkumar Agarwal	5	Yes	1	3	Nil
Ms. Kavita Anand Kapahi#	-	-	2	Nil	Nil
<b>Non - Executive Director</b>					
Mr. Subodh Kumar	4	Yes	7	2	Nil
<b>Executive Director</b>					
Mr. V.D. Wadhwa\$	3	Yes	-	Nil	Nil

\* Resigned from the office as Director effective from close of April 4, 2015.

# Appointed as Additional Director of the Company w.e.f. March 31, 2015.

\$ Appointed as Executive Director of the Company w.e.f. August 12, 2014

†1. Excluding private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.

‡2. Only three Committees viz. Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee are considered.

### Limit on the number of Directorships

In compliance with Clause 49 of the Listing Agreement, the Directors on the Board of the Company does not serve as Independent Directors in more than 7 Listed Companies or in case he/she is serving as a Whole Time Director in any Listed Company, does not hold such position in more than 3 Listed Companies.

### Shareholding of Non-Executive Directors

Ms. Kavita Kapahi, Non-Executive Independent Director is holding 50 equity shares (in joint holding) of ₹1/- each in the Company. None of the other Non-Executive Directors hold any shares in the Company.

### Independent Directors

As mandated by Clause 49, the Independent Directors on SITI Cable's Board:

- a. Are persons of integrity and possess relevant expertise and experience;
- b.
  - i. Are not a Promoter of the company or its holding, subsidiary or associate company;
  - ii. Are not related to Promoters or Directors in the company, its holding, subsidiary or associate company;

- c. Apart from receiving Director's Remuneration, have no material pecuniary relationship with the company, its holding, subsidiary or associate company, or their Promoters, or Directors, during the two immediately preceding financial years or during the current financial year;
- d. None of their relatives have or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their Promoters, or Directors amounting to two percent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e. Neither themselves nor any of their relatives —
  - i. hold or have held the position of a Key Managerial Personnel or are or have been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which they are proposed to be appointed;
  - ii. are or have been an employee or proprietor or a partner, in any of the three financial years

immediately preceding the financial year in which they are proposed to be appointed, of —

- A. a firm of Auditors or Company Secretaries in practice or Cost Auditors of the company or its holding, subsidiary or associate company; or
  - B. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm;
- iii. hold together with their relatives two percent or more of the total voting power of the company; or
  - iv. is a Chief Executive or Director, by whatever name called, of any Non-Profit Organisation that receives twenty-five percent or more of its receipts from the company, any of its Promoters, Directors or its holding, subsidiary or associate company or that holds two percent or more of the total voting power of the company;
  - v. is a material supplier, service provider or customer or a lessor or lessee of the company;
- f. is not less than 21 years of age.

#### Maximum tenure of Independent Directors

In accordance with Section 149(11) of the Companies Act, 2013, the current tenure of Independent Directors of the Company (except Ms. Kavita Kapahi) is for a period up to March 31, 2017.

The tenure of Ms. Kavita Kapahi, whose appointment is being proposed for approval of shareholders in the ensuing AGM, if appointed, shall be retrospectively from the commencement of her appointment as an Additional Director of the Company i.e. 31.03.2015 up to March 31, 2018.

#### Separate Meeting of the Independent Directors

The Independent Directors of the Company met separately on 25th March, 2015 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 Agreement, 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.

#### Brief resume of Directors who will be retiring by rotation and are eligible for appointment / re-appointment at this Annual General Meeting of the Company:

**Mr. Subodh Kumar, IAS (Retd.)**, 63, is a Non-Executive Director of the Company. Mr. Kumar had one of the most illustrious careers in the Indian Administrative Service, spanning 35 years, heading various key government agencies with stellar integrity and transparency.

Mr. Kumar, a 1977 batch IAS officer was Municipal Commissioner of Greater Mumbai Municipal Corporation. He has also served in the Department of Telecommunication, Ministry of Industry, Ministry of Textile in the Government of India. He has served as Commissioner of Sales Tax, Commissioner of State Excise as well as Principal Secretary – Finance Department in the Government of Maharashtra. Besides being Director on Public Sector Undertakings, he had also been Managing Director of Maharashtra State Seeds Corporation. Mr. Kumar has had many noticeable contributions to the areas of his work and most notably making modifications to the Development Control Regulations thereby drastically reducing the manipulation in building industry.

Mr. Kumar holds M.Sc. in Physics and several diplomas and management certificates from IIM-A, IIM-B, IIM-C, Harvard Business School, IDS Sussex, IMF amongst other Ivy League institutions.

Apart from the Company, Mr. Kumar holds directorship in Zee Learn Limited, Essel Utilities Distribution Company Limited, Essel Infraprojects Limited, Zee Entertainment Enterprises Limited, Essel Finance Capstar Advisory Limited, Essel Finance Business Loans Limited and Essel Finance VKC Forex Limited

Mr. Subodh Kumar does not hold any securities in the Company.

**Ms. Kavita Kapahi**, 42, a Commerce Graduate from Bombay University, is an entrepreneur engaged in the Security & 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 & Surveillance Industry. Apart from APK Trading & Investment Pvt. Ltd., Ms. Kavita holds Directorship of Minotaur Holdings and Finance Private Ltd.

Ms. Kavita Kapahi jointly holds 50 no. of equity shares in the Company.

## BOARD COMMITTEES

The Board has constituted various Committees of Directors to take informed decisions in the best interest of the Company. These Committees monitor activities or provide approvals within the terms of reference.

## 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 under revised clause 49 of the listing agreement 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 Clause 49 of the Listing Agreement(s), 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

1. Oversight of the company's financial reporting process and the disclosure of the financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board the appointment, re-appointment, terms of appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees and approval of payment for any other services rendered by the Statutory Auditor;
3. Approval of appointment / re-appointment / terms of appointment / replacement / removal of and remuneration payable to the Internal Auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus /notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### **Composition and Meetings of the Audit Committee**

The Audit Committee of the Company comprised of Mr. B.K.Syngal as the Chairman and Mr. Vinod Kumar Bakshi & Mr. Sureshkumar Agarwal as the members of the Audit Committee. All the members of the Committee are Independent Directors including Chairman and 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, the Audit Committee met four times respectively on May 28, 2014, August 12, 2014, November 11, 2014 and February 4, 2015 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 12, 2014 and answered the queries raised by the shareholders.

The Chief Financial Officer, 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, 2015 are as under:

Name of the Director	Category	No. of meeting attended
Mr. B.K.Syngal (Independent Director)	Chairman	3
Mr. Vinod Kumar Bakshi (Independent Director)	Member	4
Mr. Sureshkumar Agarwal (Independent Director)	Member	4

### NOMINATION & REMUNERATION COMMITTEE

The Company has framed the mandate and working procedures of the committee as required under revised clause 49 of the listing agreement and Section 178 of Companies Act, 2013 defining therein the Role, Membership, meeting procedures etc. In compliance with Section 178 of the Companies Act, 2013, the Board has renamed the existing "Remuneration Committee" as the "Nomination and Remuneration Committee" w.e.f. May 28, 2014.

#### Term of reference

1. 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.
2. 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.
3. 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.

4. Ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
5. 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. Subodh Kumar, Mr. B.K.Syngal, Mr. Vinod Kumar Bakshi, and Mr. Sureshkumar Agarwal as the members of the Committee all being Non-Executive Directors.

During the financial year ended March 31, 2015, the Nomination and Remuneration Committee met three times respectively on May 28, 2014, August 12, 2014, and March 26, 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 on March 31, 2015 are as under:

Name of the Director	Category	No. of meeting attended
Mr. Subodh Kumar (Non -Executive Director)*	Member	1
Mr. B.K.Syngal (Independent Director)	Member	3
Mr. Vinod Kumar Bakshi (Independent Director)	Member	3
Mr. Sureshkumar Agarwal (Independent Director)	Member	3

\*Member of the Nomination and Remuneration Committee w.e.f. May 28, 2014

### 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. An extract of the Remuneration Policy approved by the Nomination & Remuneration Committee of the Board has been included as a part of this Annual report.

### 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 from the date of his appointment as Executive Director (i.e. w.e.f. 12.08.2014) to March 31, 2015:-

Particulars	₹ million
*Salary & Perquisites	5.61
Provident Fund	0.67
<b>Total Amount</b>	<b>6.28</b>

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

### Remuneration of Non Executive Directors

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

None of Director have any shareholding in the Company.

The details of the sitting fees paid to the Non-Executive Directors for the period April 1, 2014 to March 31, 2015 are as under:

Name of the Director	Amount paid as Sitting Fees (₹ million)
Mr. B. K. Syngal	0.18
Mr. Vinod Kumar Bakshi	0.34
Mr. Sureshkumar Agarwal	0.34
Dr. Subhash Chandra	0.02

Details of remuneration paid to the Directors (in the format) are given in Form MGT – 9 as the part of Director's Report.

### STAKEHOLDER RELATIONSHIP COMMITTEE

In compliance with Section 178 of the Companies Act, 2013, the Board has renamed the existing "Share Transfer and Investor Grievance Committee" as the "Stakeholders' Relationship Committee" w.e.f May 28, 2014. The Committee is responsible for 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, rematerialization, dematerialization, etc. of shares of the Company to the Company Secretary of the Company.

The Stakeholders' Relationship Committee is headed by Mr. Subodh Kumar, Non –Executive Director and Mr. B. K.Syngal and Mr. Vinod Kumar Bakshi, Independent Directors are the members. 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, had attended the Annual General Meeting held on August 12, 2014 and answered the queries raised by the shareholders.



Details of number of requests/complaints received and resolved during the year ended March 31, 2015 are as under:

Nature of Correspondence	Received	Resolved/Replied	Pending
Non Receipt of Dividend Payment	0	0	0
Non Receipt of Shares	2	2	0
Non Receipt of Annual Report	0	0	0
Complaint Received from SEBI	1	1	0
Complaint Received from NSE	0	0	0
Complaint Received from BSE	1	1	0
Complaint Received from ROC / Others	0	0	0
<b>Total</b>	<b>4</b>	<b>4</b>	<b>0</b>

### GENERAL MEETINGS

The Ninth Annual General Meeting of the Company for the Financial Year 2014-15 will be held on Thursday, August 27, 2015 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
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 crores.
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.
2011-12	Thursday, August 30, 2012, 3:30 p.m.	‘Hall of Culture’, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018	Change of Name of the Company from “Wire And Wireless (India) Limited” to “Siti Cable Network Limited”

All the above resolutions were passed with overwhelming majority

### Postal Ballot

The Company has passed the following resolutions through Postal Ballot during the year 2014-15:

- |   |  |
|---|--|
| <p>i. Ordinary Resolution seeking approval of the shareholders for increasing the authorized share capital of the Company from ₹750 million to ₹1,000 million and consequence change in clause V(a) of the Memorandum of Association of the Company relating to share capital.</p> <p>ii. Special Resolution seeking approval of the shareholders</p> | <p>of the Company for raising of funds by issuance of Equity Shares or Securities Convertible into Equity Shares upto Rupee equivalent of US\$ 100 million.</p> <p>iii. Special Resolution seeking approval of the shareholders for authorizing the Board of Directors for creation of charges/mortgages to secure the borrowings.</p> <p>iv. Special Resolution seeking approval of the shareholders for authorizing the Board of Directors for giving any Loan, giving and providing any guarantee or security and making the investment by the Company up to an</p> |
|---|--|

aggregate amount of ₹ 10,000 million under Section 186 of the Companies Act, 2013.

- v. Special Resolution seeking approval of the shareholders for appointment of and payment of remuneration to Mr. V.D.Wadhwa as Executive Director of the Company.

#### Voting Pattern and Procedure for Postal Ballot

- The Board of Director in their meeting held on August 12, 2014 has approved the notice of postal ballot and appointed FCS Satish K. Shah, Practicing Company Secretary, as Scrutinizer for conducting the Postal Ballot process.
- The Company had completed the dispatch of the Postal ballot notice dated August 12, 2014 along with explanatory statement on September 10, 2014 to all the Members whose name appears in the Register of Members / Record of Depositories as on August 29, 2014.
- The voting period under the postal ballot was commence on Thursday, the 11th day of September, 2014 at 9.00

a.m. and ends on Friday, the 10th day of October, 2014 at 6.00 p.m.

- 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.
- Envelopes containing postal ballot forms received after 6.00 p.m. on Friday, the 10th day of October, 2014 had not been considered for his scrutiny.
- Mr. Satish K. Shah, our Scrutinizer of the Postal Ballot process, has submitted his report and the results of the Postal Ballot was announced on Tuesday, the 14th day of October, 2014.
- The result of the postal ballot was published in the "DNA" the English newspaper on in Punya Nagri, the Marathi newspaper in Mumbai on 17.10.2014.

- The Voting pattern for the above mentioned resolution passed by the postal ballot :-

Item No.	Total No. Valid Votes	No. of Shares & %age of total votes cast in favour	No. of Shares & %age of total votes cast Against
Ordinary Resolution seeking approval of the Shareholders for increasing the Authorised Share Capital of the Company and consequence change in Clause V (a) of the Memorandum of Association of the Company relating to share capital under Section 61 of the Companies Act, 2013.	473,625,209	473,620,673 100.00%	4,536 0.00%
Special Resolution seeking approval of the Shareholders for raising of funds by issuance of Equity Shares or Securities Convertible into Equity shares upto Rupee equivalent of US\$ 100 millions, under Section 62(1)(c) of the Companies Act, 2013.	473,625,209	473,620,396 100.00%	4,526 0.00%
Special Resolution seeking approval of the Shareholders for authorizing the Board of Directors for creation of charges on assets / undertakings of the Company to secure borrowings as per Section 180(1)(a) of the Companies Act, 2013.	473,625,209	473,620,307 100.00%	4,902 0.00%

Item No.	Total No. Valid Votes Cast	No. of Shares & %age of total votes cast in favour	No. of Shares & %age of total votes cast Against
Special Resolution seeking approval of the Shareholders for authorizing the Board of Directors for giving any loan, giving or providing any guarantee or security and making investment by the Company under Section 186 of the Companies Act, 2013.	473,625,209	473,578,672 99.99%	46,537 0.01%
Special Resolution seeking approval of the Shareholders for appointment of and payment of remuneration to Mr. V.D.Wadhwa as Executive Director of the Company.	473,625,209	473,580,348 99.99%	44,574 0.01%

It is proposed to pass necessary resolutions through postal ballot as may be required for compliance under the Companies Act, 2013.

#### Disclosures

The Whistle Blower & Vigil Mechanism Policy approved by the Board has been implemented and no personnel has been denied access for making disclosure or report under the Policy to the Vigilance Officer and/or Audit Committee.

There are no materially significant related party transactions between the Company and its promoters, directors or key management personnel or their relatives, having any potential conflict with interests of the Company at large. Transactions with related parties including material related party transaction with one of the wholly owned subsidiary of the Company Indian Cable Net Company Limited are disclosed elsewhere in the Annual Report.

There has not been any non-compliance by the Company and no penalties or strictures imposed by SEBI or Stock Exchanges or any other statutory authority on any matter relating to capital markets, during the last three years.

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

The Company has complied with all mandatory requirements of Clause 49 of Listing Agreement(s).

The status of compliance with non-mandatory requirements of Clause 49 of the Listing Agreement are as detailed hereunder:

**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 Agreement, 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 2014-15 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). 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. 'Daily News & Analysis (DNA)' and in a vernacular language newspaper viz. 'Punya Nagari (Marathi)' as per requirements of the Listing Agreement. Such information is also simultaneously displayed immediately on the Company's corporate website, [www.siticable.com](http://www.siticable.com)

The official news releases and presentation made to Institutional Investors / Analysts, if any, are also available on the Company's website.

# Certificate on Corporate Governance

To,  
The Members of  
Siti Cable Network Limited

We have examined all relevant records of **Siti Cable Network Limited** ("the Company") for the purposes of certifying compliances of conditions of Corporate Governance under the Clause 49 of the Listing Agreement entered into with National Stock Exchange of India Limited and BSE Limited (Stock exchanges) for the Financial Year ended March 31, 2015.

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

In our opinion and to the best of our information and according to the information provided and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

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

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

Place : New Delhi  
Dated : May 28, 2015

## GENERAL SHAREHOLDERS INFORMATION

1. Annual General Meeting
  - Day & Date : Thursday, 27th August, 2015
  - Time : 3.30 P.M.
  - Venue : Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.
2. Financial year : April 1, 2014 to March 31, 2015
3. Book Closure Date : Friday, August 21, 2015 to Thursday, August 27, 2015 (both days inclusive)
4. Dividend Payment Date : The Board has not recommended any dividend for the Financial Year 2014-15
5. Address of Correspondence : 135, Continental Building, Dr. Annie Besant Road, Worli, Mumbai - 400 018. India
  - Registered Office
  - Phone No.: +91- (022) 24831234
  - Fax No.: +91 - (022) 24900302
  - Email :- [csandlegal@siticable.com](mailto:csandlegal@siticable.com)
  - Website : [www.siticable.com](http://www.siticable.com)
6. 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@siticable.com](mailto:csandlegal@siticable.com)
  - Website : [www.siticable.com](http://www.siticable.com)
7. Listing on Stock Exchange : BSE Limited (BSE)  
The National Stock Exchange of India Limited (NSE)
8. Stock Code : BSE - 532795  
NSE - SITICABLE-EQ
9. Corporate Identification Number : L64200MH2006PLC160733
10. ISIN No. : INE965H01011
11. Registrar & Share Transfer Agent : Sharepro Services (India) Private Limited
  - 13 AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072.
  - Tel: +91-22-67720400,
  - Fax: +91-22-28591568
  - Email: [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

### 12. PAN & CHANGE OF ADDRESS

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 dematerialized form are requested to submit their PAN, notify the change of address including e-mail address/dividend mandate, if any, to their respective Depository Participant (DP). Members holding shares in physical form can submit their PAN, notify the change of address including e-mail address/dividend mandate, if any, to the Company/ Registrar & Share Transfer Agent.

### 13. SHARE TRANSFER SYSTEM

Equity/Preference Shares sent for physical transfer

or for dematerialization are generally registered and returned within a period of 15 days from the date of receipt of completed and validly executed documents.

### 14. DEMATERIALISATION OF SHARES & LIQUIDITY

To facilitate trading of Equity or Preference 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, 2015, 99.91% of the equity shares of the Company is held by 677,052,466 equity shareholders in the dematerialized form and the

balance 0.09% is held by 580,669 equity shareholders in physical form.

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

There are no outstanding Warrants or any other convertible instruments which are likely to impact the equity capital of the Company as on March 31, 2015.

### 16. SHARE TRANSFER SYSTEM

Shares sent for transfer in physical form are registered and returned by our Registrars and Share Transfer Agents in 15 days of receipt of the documents, provided the documents are found to be in order. Shares under objection are returned within two weeks. The stakeholder relationship committee of the Board of

Directors considers the transfer proposals generally on a weekly basis.

### 17. SHAREHOLDERS' CORRESPONDENCE

The Company has attended to all the investors' grievances/ queries/ Information requests.

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.

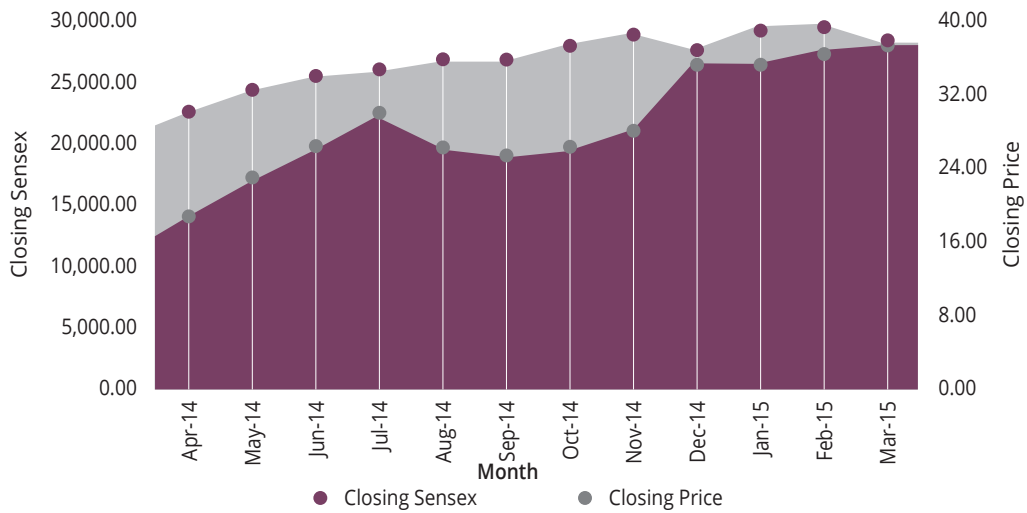
### 18. MARKET PRICE DATA

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 2014-15 are given as under:-

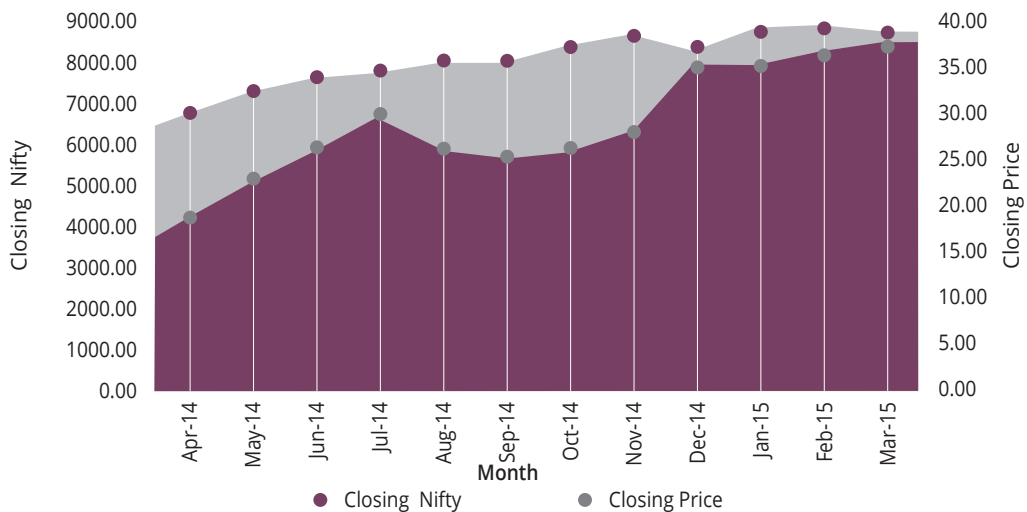
Month	BSE			NSE		
	High (in ₹)	Low (in ₹)	Traded Quantity	High (in ₹)	Low (in ₹)	Traded Quantity
April 2014	22.35	18.50	3,729,056	22.40	18.15	10,675,221
May 2014	24.75	17.95	8,337,831	24.75	17.90	26,287,540
June 2014	27.65	22.70	17,379,442	27.60	22.20	43,100,482
July 2014	30.15	25.75	3,193,279	30.25	25.70	11,986,062
August 2014	29.60	25.40	5,872,810	29.60	25.30	10,044,478
September 2014	28.80	24.70	3,836,763	28.80	24.70	11,749,545
October 2014	26.30	24.70	1,531,556	26.45	24.20	5,275,610
November 2014	29.25	24.85	3,864,416	29.30	24.80	11,949,645
December 2014	35.35	27.60	6,441,583	35.35	27.30	18,093,010
January 2015	36.50	31.85	2,720,993	37.00	31.75	8,785,941
February 2015	37.45	31.40	3,804,892	37.45	26.40	19,612,829
March 2015	39.25	35.40	5,764,307	39.25	35.45	14,236,961

### 19. RELATIVE PERFORMANCE OF SHARES OF SITI CABLE NETWORK 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, 2015**

Description	Shareholders		No. of Shares	
	Number	% of shareholders	Number	% of Shares
Less than 5000	113,253	98.84	31,161,649	4.60
5001-10000	666	0.581	4,930,078	0.728
10001-20000	315	0.275	4,596,019	0.678
20001-30000	99	0.086	2,464,253	0.364
30001-40000	48	0.042	1,662,594	0.245
40000-50001	35	0.031	1,600,535	0.236
50001-100000	75	0.065	5,471,701	0.807
100000 and above	94	0.082	625,746,306	92.343
<b>Total</b>	<b>114,585</b>	<b>100.00</b>	<b>677,633,135</b>	<b>100.00</b>

**21. CATEGORIES OF EQUITY SHAREHOLDER AS ON MARCH 31, 2015**

Particulars	No. of Share held	% of shareholding
Promoter	447,242,427	66.00
Individual	59,166,900	8.73
Financial Institutions, Mutual & Banks	49,232,731	7.27
Indian companies	30,576,980	4.51
Trust	4,002	0.00
FII, NRI & OCBS	91,410,095	13.49
<b>Total</b>	<b>677,633,135</b>	<b>100.00</b>

**22. PROMOTERS SHAREHOLDING AS ON MARCH 31, 2015**

S. No.	Name of the shareholder	No. of Share held	% of total shareholding
1.	Direct Media Solutions Private Limited	140,000,000	20.66
2.	Bioscope Cinemas Private Limited	50,670,529	7.48
3.	Digital Satellite Holdings Private Limited	71,369,898	10.53
4.	Essel Media Ventures Limited	116,431,000	17.18
5.	Essel International Limited	67,750,000	10.00
6.	Ashok Mathai Kurien	1,021,000	0.15
	<b>Total</b>	<b>447,242,427</b>	<b>66.00</b>

**23. TOP TEN (10) PUBLIC SHAREHOLDING AS ON MARCH 31, 2015**

S. No.	Name of the shareholder	No. of Share held	% of total shareholding
1.	HDFC Trustee Company Limited-HDFC Equity Fund	26,533,000	3.92
2.	Polus Global Fund	21,549,030	3.18
3.	DSP Blackrock Micro Cap Fund	12,954,671	1.91
4.	Swiss Finance Corporation (Mauritius) Limited	10,988,282	1.62
5.	Morgan Stanley Asia (Singapore) Pte.	10,420,995	1.54
6.	Religare Finvest Ltd	9,823,931	1.45
7.	Goldman Sachs India Fund Limited	8,969,569	1.32
8.	Copthall Mauritius Investment Limited	6,446,624	0.95
9.	Citigroup Global Markets Mauritius Private	6,431,063	0.95
10.	Amal N Parikh	5,511,400	0.81
	<b>Total</b>	<b>119,628,565</b>	<b>17.65</b>



## 24. DISCLOSURE PURSUANT TO CLAUSE 5A OF THE LISTING AGREEMENT

Pursuant to Clause 5A of the Listing Agreements, details in respect of the physical 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 as on April 1, 2014	90	52,417
Number of shareholders who approached the Company for transfer of shares from suspense account till March 31, 2015	6	5500
Number of shareholders to whom shares were transferred from the suspense account till March 31, 2015	6	5500
Aggregate number of shareholders and the outstanding shares in the suspense account as on March 31, 2015	84	46917

The voting rights on the shares outstanding in suspense account as on March 31, 2015 shall remain frozen till the rightful owner of such shares claims the shares. In compliance with the said requirements, these shares will be transferred into a single folio in the name of 'Unclaimed Suspense Account' in due course.

## 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	68,500,000	March 25, 2014
Allotted upon conversion of warrants as per terms of 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
Less: Forfeiture of shares	1,227,123	October 19, 2011
Paid up equity share capital of the Company as on March 31, 2015	677,633,135	

### (b) Preference Shares

Particulars	No. of Equity Shares Allotted	Date of Issue
Issued pursuant to Scheme of Arrangement	23,436	December 29, 2006
Paid up preference share capital of the Company as on March 31, 2015	23,436	

# Certification on Financial Statements of the Company

We, V. D. Wadhwa, Executive Director & Chief Executive Officer and Sanjay Goyal, Chief Financial Officer of Siti Cable Network Limited ('the Company') certify that :-

- a. We have reviewed Financial Statements and the Cash Flow Statement of the Company both on Standalone and Consolidated basis for the year ended March 31, 2015 and that to the best of our knowledge and belief :
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. We are, to the best of their knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2015 which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. During the Year :
  - There has not been any significant changes in internal control over financial reporting;
  - There have not been any significant changes in accounting policies; and
  - There have been no instances of significant fraud of which we are aware that involve management or other employee having a significant role in the Company's internal control system over financial reporting.

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

**Sanjay Goyal**  
Chief Financial Officer

Place :- New Delhi  
Date :- 28.05.2015



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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 2015, 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 2015, 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, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. 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 2015 from being appointed as a director in terms of Section 164(2) of the Act;
  - f. 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;
    - 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 : 28 May 2015

# Annexure 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 2015

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, 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.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) 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) To the best of our knowledge and belief, 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) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have not been regularly deposited with the appropriate

authorities and there have been significant delays in a large number of cases. Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of the dues	Amount (₹ millions)	Period to which the amount relates	Due Date	Date of Payment
Entertainment Duty Act, 1923	Entertainment tax	71.73	Financial year 2012-2013 and 2013-2014	10 day of succeeding month	Not yet paid
		35.70	April 2014 to August 2014	10 day of succeeding month	Not yet paid

(b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ millions)	Amount Paid Under Protest (₹ millions)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income tax	64.23	Nil	Assessment Year 2010-11 and Assessment Year 2012-13	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service tax	22.98	Nil	Financial Year 2004-05 to Financial Year 2008-09	CESTAT
Karnataka Value Added Tax Act, 2003	Value added tax	2.83	Nil	Financial Year 2007-08	Joint Commissioner of Commercial Taxes
Andhra Pradesh Value Added Tax Act, 2005	Value added tax	5.58	Nil	Financial Year 2010-11 to Financial Year 2012-13	Appellate Deputy Commissioner, Commercial Taxes (Appeals)
The Maharashtra Value Added Tax Act, 2002	Value added tax	48.40	Nil	Financial Year 2007-2008 to Financial Year 2011-2012	Joint Commissioner of Commercial Taxes (Mumbai)

(c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder. Accordingly, the provisions of clause 3(vii)(c) of the Order are not applicable.

- (viii) In our opinion, the Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses in the current and the immediately preceding financial year.
- (ix) There are no dues payable to financial institutions or debenture-holders. In our opinion, the Company has not defaulted in repayment of dues to any bank during the year.
- (x) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 3(x) of the Order are not applicable.
- (xi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xii) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For Walker Chandiook & Co LLP  
(Formerly Walker, Chandiook & Co)  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

per Rajni Mundra  
Partner  
Membership No.: 58644

Place : New Delhi  
Date : 28 May 2015



# Balance Sheet

as at March 31, 2015

	Notes	March 31, 2015	March 31, 2014
(₹ millions)			
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	4	678.27	521.35
Reserves and surplus	5	1,087.06	(1,587.53)
Money received against share warrants	6	-	1,870.00
		1,765.33	803.82
<b>Non-current liabilities</b>			
Long-term borrowings	7	9,022.46	10,351.64
Other non-current liabilities	8	761.30	368.33
Long-term provisions	9	32.47	25.32
		9,816.23	10,745.29
<b>Current liabilities</b>			
Short-term borrowings	10	344.10	473.87
Trade payables	11	2,197.98	1,562.80
Other current liabilities	8	5,472.64	2,083.50
Short-term provisions	9	1.17	1.10
		8,015.89	4,121.27
<b>Total</b>		<b>19,597.44</b>	<b>15,670.38</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	12	3,993.56	3,248.46
Intangible assets	13	626.67	253.25
Capital work-in-progress		1,307.92	1,054.67
Non-current investments	14	2,480.77	230.51
Long-term loans and advances	15	1,077.11	2,840.17
Other non-current assets	16	627.49	471.63
		10,113.52	8,098.69
<b>Current assets</b>			
Current investments	17	8.04	8.04
Inventories	18	103.29	59.88
Trade receivables	19	3,511.85	2,980.41
Cash and bank balances	20	3,940.01	3,266.57
Short-term loans and advances	15	1,836.40	1,098.21
Other current assets	16	84.33	158.58
		9,483.92	7,571.69
<b>Total</b>		<b>19,597.44</b>	<b>15,670.38</b>
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the financial statements.			

This is the balance sheet referred to in our report of even date.

For Walker Chandiook & Co LLP  
(formerly Walker, Chandiook & Co)  
Chartered Accountants

per Rajni Mundra  
Partner

Place : New Delhi  
Date : May 28, 2015

For and on behalf of the Board of Directors of  
SITI Cable Network Limited

V D Wadhwa  
Executive Director and CEO  
DIN 00439684

Sanjay Goyal  
Chief Financial Officer

Vinod Kumar Bakshi  
Director  
DIN 00771934

Suresh Kumar  
Company Secretary

# Statement of Profit and Loss

for the year ended March 31, 2015

	Notes	March 31, 2015	March 31, 2014
(₹ millions)			
<b>REVENUE</b>			
Revenue from operations	21	5,991.55	5,048.95
Other income	22	141.61	116.98
Total revenue		6,133.16	5,165.93
<b>EXPENSES</b>			
Cost of materials consumed	23	2.59	23.47
Purchases of traded goods	24	294.82	665.59
Carriage sharing, pay channel and related costs		3,327.03	2,133.38
Employee benefit expenses	25	365.06	272.79
Finance costs	26	1,197.87	1,179.92
Depreciation and amortisation expenses	27	743.38	578.50
Other expenses	28	1,379.98	1,335.37
Total expenses		7,310.73	6,189.02
Loss before and after tax		(1,177.57)	(1,023.09)
Loss per share after tax	29		
Basic		(1.91)	(2.26)
Diluted		(1.91)	(2.26)
Summary of significant accounting policies	3		

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

This is the statement of profit and loss referred to in our report of even date

For Walker Chandiook & Co LLP  
(formerly Walker, Chandiook & Co)  
Chartered Accountants

per Rajni Mundra  
Partner

Place : New Delhi  
Date : May 28, 2015

For and on behalf of the Board of Directors of  
SITI Cable Network Limited

V D Wadhwa  
Executive Director and CEO  
DIN 00439684

Sanjay Goyal  
Chief Financial Officer

Vinod Kumar Bakshi  
Director  
DIN 00771934

Suresh Kumar  
Company Secretary

# Cash Flow Statement

for the year ended March 31, 2015

	(₹ millions)	
	March 31, 2015	March 31, 2014
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before tax	(1,177.57)	(1,023.10)
Depreciation and amortisation expenses	743.38	578.50
Profit on sale of fixed assets	-	(10.84)
Excess provision written back	(71.89)	(36.44)
Amortisation of ancillary borrowing costs	29.42	26.53
Provision for doubtful debts	102.89	24.29
Provision for doubtful advances	52.96	35.41
Unrealised foreign exchange loss	(33.57)	34.59
Interest expense	967.15	976.02
Interest income	(58.85)	(44.77)
<b>Operating profit before working capital changes</b>	<b>553.92</b>	<b>560.19</b>
Movements in working capital :		
Increase in trade payables	707.07	243.25
Increase in long-term provisions	7.15	2.74
Increase in short-term provisions	0.07	0.53
Decrease in other non-current liabilities	(1.95)	(429.02)
Increase in other current liabilities	464.31	89.06
Increase in trade receivables	(634.33)	(1,331.97)
Increase in inventories	(43.42)	(12.66)
Increase in short-term loans and advances and other current assets	(709.30)	(144.60)
Decrease/(increase) in long-term loans and advances	1,352.94	(1,535.49)
<b>Cash generated from /(used in) operations</b>	<b>1,696.45</b>	<b>(2,557.97)</b>
Direct taxes paid (net of refunds)	19.92	(150.96)
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>1,716.37</b>	<b>(2,708.93)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets including capital advance	(1,296.24)	(1,747.69)
Proceeds from sale of fixed assets	-	35.75
Purchase of non-current investments	(2,250.26)	(0.04)
Interest received	35.54	42.35
Investments in bank deposits (having original maturity of more than three months)	10.00	114.28
Advances to subsidiary companies (net)	312.82	1,571.38
<b>Net cash (used in)/generated from investing activities (B)</b>	<b>(3,188.15)</b>	<b>16.03</b>

# Cash Flow Statement

for the year ended March 31, 2015

	(₹ millions)	
	March 31, 2015	March 31, 2014
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of equity share capital	2,189.40	1,370.00
Proceeds from issuance of shares warrants	-	1,060.00
Proceeds from long-term borrowings	2,893.54	4,608.57
Repayment of long-term borrowings	(1,779.71)	(1,400.26)
Proceeds/(repayment) from short-term borrowings (net)	(129.77)	229.02
Interest and finance expenses paid	(1,018.25)	(1,020.58)
<b>Net cash flow from financing activities (C)</b>	<b>2,155.21</b>	<b>4,846.75</b>
Net increase in cash and cash equivalents (A + B + C)	683.44	2,153.85
Cash and cash equivalents at the beginning of the year	3,256.57	1,102.72
Cash and cash equivalents at the end of the year	3,940.01	3,256.57
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash on hand	31.95	27.25
Cheques on hand	342.34	239.29
With banks- on current account	1,371.70	1,640.03
Fixed deposit less than three months	2,194.02	1,350.00
Total cash and cash equivalents (note 20)	3,940.01	3,256.57
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.

For Walker Chandiook & Co LLP  
(formerly Walker, Chandiook & Co)  
Chartered Accountants

per Rajni Mundra  
Partner

Place : New Delhi  
Date : May 28, 2015

For and on behalf of the Board of Directors of  
SITI Cable Network Limited

V D Wadhwa  
Executive Director and CEO  
DIN 00439684

Sanjay Goyal  
Chief Financial Officer

Vinod Kumar Bakshi  
Director  
DIN 00771934

Suresh Kumar  
Company Secretary

# Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2015

## 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 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.

In view of the present positive net worth, substantial subscription revenue growth and continued financial support from the promoters companies, these financial statements, have been 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.

	Life (in years)
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.
- (iv) Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase.

#### 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 uncertainty exists regarding the amount of consideration that will be derived.

Lease rentals charges and carriage income are recognised on accrual basis over the terms of related agreements and when no uncertainty exists regarding the amount of consideration that will be derived. Carriage revenue recognition is done after formal agreement is executed with broadcasters.

Advertisement income is recognised when the related advertisement appears before the public and when no uncertainty exists regarding the amount of consideration that will be derived. Other advertisement revenue for slot sale is recognised on period basis.

Activation fees on Set top boxes (STB) is recognised as revenue on activation of the related boxes and when no uncertainty exists regarding the amount of consideration that will be derived.

The Company collects service tax 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.

### **l) 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 recognized 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 a 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 (Employee Stock Option Scheme and

Employee Stock Purchase Scheme) Guidelines, 1999 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. Preliminary expenditure are amortised in the year when they are incurred.

## 4 SHARE CAPITAL

	(₹ millions)	
	March 31, 2015	March 31, 2014
<b>Authorised share capital</b>		
1,000,000,000 (Previous year: 740,000,000) equity shares of ₹ 1 each	1,000.00	740.00
10,000,000 (Previous year: 10,000,000) preference shares of ₹ 1 each	10.00	10.00
<b>Total authorised capital</b>	<b>1,010.00</b>	<b>750.00</b>
<b>Issued share capital</b>		
678,860,258 (Previous year 521,940,038) equity shares of ₹ 1 each	678.86	521.94
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>677.65</b>	<b>520.73</b>
<b>Subscribed and fully paid up capital</b>		
677,633,135 (Previous year: 520,712,915) equity shares of ₹ 1 each fully paid up	677.63	520.71
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>677.65</b>	<b>520.73</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>678.27</b>	<b>521.35</b>

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

	March 31, 2015		March 31, 2014	
	No. of shares	(₹ millions)	No. of shares	(₹ millions)
<b>Equity shares</b>				
Outstanding at the beginning of the year	520,712,915	520.71	452,212,915	452.21
<b>Add:</b>				
Issued on conversion of share warrants	93,500,000	93.50	68,500,000	68.50
Issued during the year	63,174,540	63.17	-	-
Issued on exercise of employee stock options	245,680	0.25	-	-
<b>Outstanding at the end of the year</b>	<b>677,633,135</b>	<b>677.63</b>	<b>520,712,915</b>	<b>520.71</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**

	(₹ millions)			
	March 31, 2015		March 31, 2014	
	No. of shares	% of holding	No. of shares	% of holding
<b>Preference shares</b>				
Churu Enterprises LLP	23,436	100%	23,436	100%
(₹ millions)				
	March 31, 2015		March 31, 2014	
	No. of shares	% of holding	No. of shares	% of holding
<b>Equity shares</b>				
Bioscope Cinemas Private Limited	50,670,529	7.48%	50,670,529	9.73%
Direct Media Solutions Private Limited	140,000,000	20.66%	140,000,000	26.89%
Essel International Limited	67,750,000	10.00%	31,966,049	6.14%
Essel Media Ventures Limited	116,431,000	17.18%	58,714,951	11.28%
Digital Satellite Holdings Private Limited	71,369,898	10.53%	71,369,898	13.70%

**(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, 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 have been allotted pursuant to the exercise of option.

- (g) No shares have been issued for consideration other than cash or as bonus shares in the current reporting year and in last five years immediately preceding the current reporting year.

## 5 RESERVES AND SURPLUS

	(₹ millions)	
	March 31, 2015	March 31, 2014
<b>Foreign currency monetary item translation difference account</b>		
Balance at beginning of the year	(21.05)	-
Add: Recognised during the year	(76.88)	(55.64)
Less: Amortised during the year	(43.31)	(34.59)
Balance at the end of the year	(54.62)	(21.05)
<b>Securities premium account</b>		
Balance at the beginning of the year	5,501.57	4,200.07
Add: Premium received on issue of equity shares	3,930.21	1,301.50
Less : Adjustment of expenses incurred on issue of equity shares	26.13	-
Balance at the end of the year	9,405.65	5,501.57
<b>Employee stock options reserve</b>		
Employee stock options outstanding	-	4.85
	-	4.85
<b>General reserve</b>		
Balance at the beginning of the year	-	-
Add: Transferred from employee stock option reserve	3.23	-
Balance at the end of the year	3.23	-
<b>Deficit in the Statement of profit and loss</b>		
Balance at the beginning of the year	(7,072.90)	(6,049.81)
Add:- Adjustment on account of depreciation charge pursuant to implementation of Schedule II of the Companies Act, 2013.	(16.74)	-
Loss for the year	(1,177.57)	(1,023.09)
Balance at the end of the year	(8,267.21)	(7,072.90)
	1,087.06	(1,587.53)

	(₹ millions)	
	March 31, 2015	March 31, 2014
<b>6 MONEY RECEIVED AGAINST SHARE WARRANTS</b>	-	1,870.00
<b>Details of utilisation of proceeds raised through warrants issued on preferential basis</b>		
Balance unutilised at the end of the previous year	1,842.80	72.74
Add: Proceeds received during the year	-	2,430.00
Utilised for working capital requirements	-	194.40
Utilised for capital expenditure and capital advances	1,842.80	465.54
Balance unutilised at the end of the current year*	-	1,842.80

\* Balance unutilised amount is lying in current accounts with banks.

## 7 LONG-TERM BORROWINGS

	(₹ millions)			
	Non-current		Current	
	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
<b>(a) Term loans from banks (Secured)</b>				
Term loans	6,938.63	1479.00	6,057.69	1,554.13
Buyer's credits	2,082.84	2628.32	4,292.14	110.12
Finance lease obligations	0.99	1.16	1.81	1.24
	9,022.46	4,108.48	10,351.64	1,665.49
<b>The above amount includes</b>				
Secured borrowings	9,022.46	4,108.48	10,351.64	1,665.49
Amount disclosed under the head "other liabilities" (Note 8)	-	(4,108.48)	-	(1,665.49)
Net amount	9,022.46	-	10,351.64	-

## 8 OTHER LIABILITIES

	(₹ millions)			
	Non-current		Current	
	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
Current maturities of long-term borrowings (Refer note 7)	-	4,107.32	-	1,664.25
Current maturities of finance lease obligations (Refer note 7)	-	1.16	-	1.24
Interest accrued but not due on borrowings	-	32.60	-	37.96
Interest accrued and due on borrowings	-	-	-	11.60
Book overdraft	-	170.24	-	10.74
Advances from customers	-	112.24	-	4.23
Payable for fixed assets	717.17	498.80	322.24	-
Payable to employees	-	-	-	2.54
Others				
Interest free deposits from customers	44.13	-	46.09	-
Payable for statutory liabilities	-	550.28	-	350.94
	761.30	5,472.64	368.33	2,083.50

## 9 PROVISIONS

	(₹ millions)			
	Long-term		Short-term	
	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
Provision for employee benefits (Refer Note 31)				
Provision for gratuity	20.51	0.69	16.19	0.71
Provision for compensated absences	11.96	0.48	9.13	0.39
	32.47	1.17	25.32	1.10

## Securities and salient features for borrowing

(₹ millions)

Nature of loan	March 31, 2015		March 31, 2014		Nature of securities	Interest rate	Tenure of repayment
	Non-current	Current	Non-current	Current			
<b>Term loan</b>							
1	-	150.00	225.00	300.00	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 associate 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+2.25%	16 quarterly installments starting from the end of the
2	337.50	187.50	534.69	131.25		Base rate+1.65%	15th month from the date of first disbursement.
3	350.00	150.00	650.00	200.00		Base rate+1.50%	8 half yearly installments starting from the end of the
4	1,000.00	-	1,000.00	-		Base rate+1.20%	15th month from the date of first disbursement.
5	700.00	-	-	-		Base rate+1.25%	
6	-	-	-	196.88	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 associate for maintenance of debt service reserve account (DSRA) for 2 quarters' interest.	Base rate+2.00%	16 quarterly installments starting from the end of the one year from the date of first disbursement.
7	355.00	135.00	480.00	100.00		Base rate+3.00%	15 quarterly installments starting from the end of the 18th month from the date of first disbursement
8	1,115.00	-	-	-		Base rate+2.50%	12 quarterly installments starting from the end of the 18th month from the date of first disbursement
9	1,643.63	794.00	2,168.00	626.00	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 associate 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+2.25%	16 quarterly installments starting from the end of the 15th month from the date of first disbursement.
10	937.50	62.50	1,000.00	-		Base rate+1.50%	16 quarterly installments starting from the end of the 27th month from the date of first disbursement.
11	500.00	-	-	-	-	Base rate+1.50%	16 quarterly installments starting from the end of the 27th month from the date of first disbursement.
Sub total	6,938.63	1,479.00	6,057.69	1,554.13			
<b>Buyer's credits</b>							
1	932.91	-	998.72	-	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 associate 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+90 bps	Repayment at the end of tenure.
2	587.35	1,843.56	2,404.40	110.12		Six months LIBOR+350 bps	The facility shall be repaid in 4 equal semi annual installments from first drawdown date.
3	263.25	784.76	889.02	-	-	Six months LIBOR+335 bps	The facility shall be repaid in 4 equal semi annual installments from first drawdown date.
4	299.33	-	-	-	-	Six months LIBOR+100 bps	The facility shall be repaid in 4 equal semi annual installments from first drawdown date.
Sub total	2082.84	2628.32	4292.14	110.12			
Finance lease obligations	0.99	1.16	1.81	1.24	Finance lease obligations - Secured by hypothecation of vehicles purchased thereunder.		

## 10 SHORT-TERM BORROWINGS

	(₹ millions)	
	March 31, 2015	March 31, 2014
Secured		
Loans repayable on demand from banks	344.10	473.87
	344.10	473.87

### Details of security

The Company has short term borrowings from two banks the detail of securities are as under

- 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%.

## 11 TRADE PAYABLES

	(₹ millions)	
	March 31, 2015	March 31, 2014
Dues to micro and small enterprises (Refer note below)	-	-
Dues to others	2,197.98	1,562.80
	2,197.98	1,562.80

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2015 has been made in the financials statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMEDA is not expected to be material.

## 12 TANGIBLE ASSETS

	(₹ millions)											
	Building	Plant and equipment	Computers	Office equipment	Furniture and fixtures	Air conditioners	Studio equipment	Vehicles	Leasehold improvements	Set top boxes	IRD boxes	Total
Gross block												
Balance as at April 1, 2013	26.96	2,243.07	84.01	27.63	19.66	14.02	31.49	13.86	48.26	2,350.55	1.26	4,860.77
Additions	-	41.80	1.63	0.56	0.14	0.13	0.59	1.32	5.36	1,083.82	-	1,135.35
Disposal	-	-	-	0.05	-	-	-	0.23	-	28.34	-	28.62
Balance as at March 31, 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
Balance as at March 31, 2015	26.96	2,559.35	90.01	28.67	20.24	14.76	33.47	14.95	53.62	4,561.19	1.26	7,404.48
<b>Accumulated depreciation</b>												
Balance as at April 1, 2013	7.22	1,487.51	70.34	10.85	12.41	5.49	22.47	6.55	28.61	541.19	0.66	2,193.30
Charge for the year	0.44	129.93	3.67	1.37	0.87	0.70	0.76	1.14	6.92	383.65	-	529.45
Reversal on disposal of assets	-	-	-	0.02	-	-	-	0.13	-	3.56	-	3.71
Balance as at March 31, 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	-	-	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
Balance as at March 31, 2015	8.08	1,827.07	78.91	24.13	14.38	11.40	25.03	9.79	42.60	1,368.87	0.66	3,410.92
<b>Net block</b>												
Balance as at March 31, 2014	19.30	667.43	11.63	15.94	6.52	7.96	8.85	7.39	18.09	2,484.75	0.60	3,248.46
Balance as at March 31, 2015	18.88	732.28	11.10	4.54	5.86	3.36	8.44	5.16	11.02	3,192.32	0.60	3,993.56

Note:-

- 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 ₹ 127.84 millions (previous year ₹ 136.44 millions) has been added to the gross block of set top boxes and Nil (previous year ₹ 15.79 millions) has been added to capital work in progress.
- With effect from April 1, 2014, the Company has 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 is higher by ₹ 98.4 millions. Similarly, in case of fixed assets whose life has



been completed as on March 31, 2014, value (net of residual value) of those assets amounting of ₹ 16.74 millions has been the adjusted with the opening balances of retained earnings i.e. deficit in statement of profit and loss.

### 13 INTANGIBLE ASSETS

	(₹ millions)			
	Goodwill	Program/ film/ cable rights	Software	Total
Gross block				
Balance as at April 1, 2013	11.31	50.35	303.29	364.95
Additions	-	-	85.19	85.19
Balance as at March 31, 2014	11.31	50.35	388.48	450.14
Additions	-	-	441.66	441.66
Balance as at March 31, 2015	11.31	50.35	830.14	891.80
<b>Accumulated amortisation</b>				
Balance as at April 1, 2014	10.74	49.49	87.61	147.84
Charge for the year	-	-	49.05	49.05
Balance as at March 31, 2014	10.74	49.49	136.66	196.89
Charge for the year	-	-	68.24	68.24
Balance as at March 31, 2015	10.74	49.49	204.90	265.13
Net block				
Balance as at March 31, 2014	0.57	0.86	251.83	253.25
Balance as at March 31, 2015	0.57	0.86	625.24	626.67

### 14 NON-CURRENT INVESTMENTS (TRADE, UNQUOTED)

(Valued at cost unless stated otherwise)

	(₹ millions)	
	March 31, 2015	March 31, 2014
<b>Investment in equity instruments-subsiaries</b>		
51,831,000 (Previous year 6,831,000) equity shares of ₹ 10 each fully paid up of Indian Cable Net Company Limited	2,361.15	111.14
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
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 Nil) equity shares of ₹ 10 each fully paid up of Siti Global Private Limited	0.05	-

## 14 NON-CURRENT INVESTMENTS (TRADE, UNQUOTED) (Contd.)

(Valued at cost unless stated otherwise)

	(₹ millions)	
	March 31, 2015	March 31, 2014
10,000 (Previous year Nil) equity shares of ₹ 10 each fully paid up of Siti Broadband Services Private Limited	0.10	-
5,100 (Previous year Nil) equity shares of ₹ 10 each fully paid up of Siti Karnal Digital Media Network Private Limited	0.05	-
5,100 (Previous year Nil) equity shares of ₹ 10 each fully paid up of Siri Digital Network Private Limited	0.05	-
	2,480.77	230.51
<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 Communication 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 Communication Network Private Limited	7.04	7.04
Less : Provision for diminution in the value of investments	7.04	7.04
	-	-
	2,480.77	230.51
Aggregate amount of unquoted investments	2,489.86	239.59
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

	(₹ millions)			
	Long-term	Short-term	Long-term	Short-term
	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
<b>Capital advances</b>				
Unsecured, considered good	81.94	-	23.87	-
	81.94	-	23.87	-
Advance given to Indian Cable Net Company Limited (Subsidiary) for allotment of shares	-	-	1,500.00	-
<b>Security deposits</b>				
Unsecured, considered good	118.54	-	98.77	-
Doubtful	2.81	-	2.81	-
	121.35	-	101.58	-
Less: Provision for doubtful security deposits	2.81	-	2.81	-
	118.54	-	98.77	-

## 15 LOANS AND ADVANCES (Contd.)

	(₹ millions)			
	Long-term March 31, 2015	Short-term March 31, 2015	Long-term March 31, 2014	Short-term March 31, 2014
Advances to related parties unsecured, considered good (refer note 34)	871.70	59.05	1,184.52	202.31
<b>Advances recoverable in cash or kind</b>				
<b>Unsecured, considered good</b>				
Other advances	4.93	1,102.74	33.01	363.67
<b>Doubtful</b>				
Advances to distribution companies	-	609.27	-	750.02
Less: Provision for doubtful advances	-	609.27	-	750.02
	4.93	1,102.74	33.01	363.66
<b>Other loans and advances (Unsecured, considered good)</b>				
Advance tax	-	311.12	-	331.03
Balances with statutory authorities	-	357.64	-	193.07
Prepaid expenses	-	5.85	-	8.12
	-	674.61	-	532.23
	1,077.11	1,836.40	2,840.17	1,098.21

## 16 OTHER ASSETS (UNSECURED, CONSIDERED GOOD)

	(₹ millions)			
	Non-current March 31, 2015	Current March 31, 2015	Non-current March 31, 2014	Current March 31, 2014
Non-current bank deposits (refer note 20)	572.09	-	416.72	-
	572.09	-	416.72	-
<b>Unamortised expenditure</b>				
Ancillary cost of arranging the borrowings	55.40	29.61	54.91	25.38
	55.40	29.61	54.91	25.38
<b>Others</b>				
Interest accrued on fixed deposits	-	41.41	-	18.10
Unbilled revenue	-	13.32	-	115.10
	-	54.73	-	133.20
	627.49	84.33	471.63	158.58

## 17 CURRENT INVESTMENTS (NON TRADE, UNQUOTED)

(Valued at lower of cost or fair value)

	(₹ millions)	
	March 31, 2015	March 31, 2014
Investments in mutual funds		
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 unquoted investment	8.04	8.04

**18 INVENTORIES**

(valued at lower of cost or net realisable value)

	(₹ millions)	
	March 31, 2015	March 31, 2014
Stores and spares	103.29	59.88
	103.29	59.88

**19 TRADE RECEIVABLES**

	(₹ millions)	
	March 31, 2015	March 31, 2014
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	1,678.92	2,072.60
Unsecured, considered doubtful	725.78	1,235.68
	2,404.70	3,308.28
Less: Provision for doubtful debts	725.78	1,235.68
	1,678.92	2,072.60
<b>Other receivables</b>		
Unsecured, considered good	1832.93	907.81
	3,511.85	2,980.41

**20 CASH AND BANK BALANCES**

	(₹ millions)			
	Non-current	Current	Non-current	Current
	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
<b>Cash and cash equivalents</b>				
Cash on hand	-	31.95	-	27.25
Cheques on hand	-	342.34	-	239.29
Balances with banks				
On current accounts	-	1,371.70	-	1,640.03
In deposit account (with maturity upto three months)	-	2,194.02	-	1,350.00
	-	3,940.01	-	3,256.57
<b>Other bank balances</b>				
Margin money deposit (pledged) and deposit with statutory authorities	572.09	-	416.72	-
Bank deposit with maturity upto twelve months	-	-	-	10.00
	572.09	-	416.72	10.00
Amount disclosed under non-current assets (note 16)	(572.09)	-	(416.72)	-
	-	3,940.01	-	3,266.57

## 21 REVENUE FROM OPERATIONS

	(₹ millions)	
	March 31, 2015	March 31, 2014
Sale of services		
Subscription income	3,626.76	2,220.94
Advertisement income	78.76	116.93
Carriage income	1,496.04	1,322.06
Activation income	257.27	449.56
Set top box pairing charges	35.77	-
Other operating revenue		
Sale of traded goods*	319.89	740.70
Lease rental charges	3.20	1.34
Management charges and other networking income	173.55	197.21
Scrap sales	0.31	0.21
	5,991.55	5,048.95
<b>* Details of sale of traded goods</b>		
Set top box and viewing cards	316.47	712.29
Store and spares	3.42	28.41
	319.89	740.70

## 22 OTHER INCOME

	(₹ millions)	
	March 31, 2015	March 31, 2014
Interest income on		
Bank deposits	58.85	44.77
Others	6.66	0.06
Excess provisions written back	71.89	36.44
Profit on sale of fixed assets	-	10.84
Other non-operating income	4.21	24.87
	141.61	116.98

## 23 COST OF MATERIALS CONSUMED-STORES AND SPARES

	(₹ millions)	
	March 31, 2015	March 31, 2014
Opening stock	59.88	47.22
	59.88	47.22
Add : Purchases during the year	46.01	36.13
	46.01	36.13
Less : Closing stock	103.30	59.88
	103.30	59.88
	2.59	23.47

**24 PURCHASES OF TRADED GOODS**

	(₹ millions)	
	March 31, 2015	March 31, 2014
Set top boxes	262.27	602.72
Viewing cards	32.55	62.87
	294.82	665.59

**25 EMPLOYEE BENEFIT EXPENSES**

	(₹ millions)	
	March 31, 2015	March 31, 2014
Salaries, allowances and bonus	316.96	239.20
Contributions to provident and other funds	18.32	15.25
Employee benefits expenses	15.52	6.82
Staff welfare expenses	14.26	11.52
	365.06	272.79

**26 FINANCE COSTS**

	(₹ millions)	
	March 31, 2015	March 31, 2014
Interest	967.15	976.02
Bank charges	201.30	177.37
Amortisation of ancillary borrowing costs	29.42	26.53
	1,197.87	1,179.92

**27 DEPRECIATION AND AMORTISATION EXPENSES**

	(₹ millions)	
	March 31, 2015	March 31, 2014
Depreciation of tangible assets (Refer note 12)	675.14	529.45
Amortisation of intangible assets (Refer note 13)	68.24	49.05
	743.38	578.50

## 28 OTHER EXPENSES

	(₹ millions)	
	March 31, 2015	March 31, 2014
Rent	75.78	60.60
Rates and taxes	11.08	13.01
Communication expenses	12.70	12.20
Repairs and maintenance		
- Network	32.34	22.33
- Building	0.33	0.27
- Others	8.03	9.86
Electricity and water charges	26.51	25.33
Legal, professional and consultancy charges	48.78	55.10
Printing and stationery	4.18	3.96
Service charges	108.22	90.73
Travelling and conveyance expenses	31.75	22.75
Payment to auditors*	7.32	3.70
Vehicle expenses	13.95	10.72
Insurance expenses	2.97	2.69
Provision for doubtful debts**	102.89	24.29
Provision for doubtful advances	52.96	35.41
Advertisement and publicity expenses	46.49	49.39
Commission charges and incentives	123.03	163.94
Additional LCO commission	-	158.11
Bad debts	208.55	3.50
Program production expenses	15.10	23.88
Other operational cost	385.74	383.61
Business and sales promotion	18.09	14.38
Exchange fluctuation loss (net)	14.04	115.74
Miscellaneous expenses	29.13	29.87
	1,379.98	1,335.37
*Payment to auditors		
as an auditor	3.80	3.50
for other services	3.18	0.05
for reimbursement of expenses	0.34	0.15
	7.32	3.70

\*\* Provision for doubtful debts is net of liabilities written back ₹ 24.95 million (Previous year ₹ 41.53 million).

## 29 EARNINGS PER SHARE

	(₹ millions)	
	March 31, 2015	March 31, 2014
Loss attributable to equity shareholders	(1,177.57)	(1,023.09)
Number of weighted average equity shares		
Basic	617,952,314	453,526,614
Diluted	617,952,314	453,526,614
Nominal value of per equity share (₹)	1	1
Loss per share after exceptional item and after tax (₹)		
Basic	(1.91)	(2.26)
Diluted	(1.91)	(2.26)

Effect of potential equity shares being anti-dilutive has not been considered while calculating diluted earnings per share.

**30** In view of the mandatory digital addressable system ('DAS') regulation announced by the Government of India, digitisation of cable network has been implemented in Phase 1 and Phase 2 cities effective November 1, 2012 and April 1, 2013 respectively. Owing to the initial delays in implementation of DAS in phase 1 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 and recognized subscription revenue on the basis of certain estimate under the new DAS regime amounting to ₹ 529 millions (previous year ₹ 1,997.12 millions) for year ended March 31, 2015 based on certain estimates 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 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 ₹ 18.32 million (Previous year ₹ 15.25 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 define benefit gratuity plan.

#### Expense recognised in statement of profit and loss

	(₹ millions)	
	Gratuity	
	March 31, 2015	March 31, 2014
Current service cost	4.22	3.15
Interest cost on benefit obligation	1.35	1.33
Net actuarial loss/(gain) recognised in the year	2.12	(1.28)
Expense recognised in statement of profit and loss	7.69	3.20

#### Benefit liability

	(₹ millions)	
	Gratuity	
	March 31, 2015	March 31, 2014
Present value of defined benefit obligation at the end of the year	21.20	16.91
Unfunded liability recognised in balance sheet	21.20	16.91

#### Changes in the present value of the defined benefit obligation are as follows:

	(₹ millions)	
	Gratuity	
	March 31, 2015	March 31, 2014
Present value of defined benefit obligation at the beginning of the year	16.91	14.77
Current service cost	4.22	3.15
Interest cost	1.35	1.33
Benefits paid	(3.40)	(1.06)
Net actuarial loss/(gain) recognised in the year	2.12	(1.28)
Present value of defined benefit obligation at the end of the year *	21.20	16.91

\* Includes current portion ₹ 0.69 million (Previous year ₹ 0.71 million)



The principal assumptions used in determining present value of defined benefit obligation and long term employee benefit obligations are given below:

(₹ millions)

	Compensated absences		Gratuity	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Discount rate (per annum)	8.00%	9.00%	8.00%	9.00%
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:

(₹ millions)

Gratuity	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Defined benefit obligation	21.20	16.91	14.77	10.79	9.99
Experience on adjustments (loss)/gain for plan liabilities	(0.16)	0.02	1.07	1.70	1.11

### 32 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.

The movement in the options granted to the employee during the year is set out below :

	Plan 3	Plan 2	Plan 1
Date of grant	July 16, 2009	June 16, 2008	October 22, 2007
Date of Board approval	July 16, 2009	June 17, 2008	October 22, 2007
Date of shareholders’ approval	October 22, 2009	August 17, 2009	September 18, 2007
Number of options granted	2,808,800	150,000	2,987,300
Method of settlement (cash/equity)	Equity	Equity	Equity
Vesting period	Five years	Five years	Five years
Exercise period	Four years	Four years	Four years

The details of activity under Plan 1 have been summarised below:

	March 31, 2015		March 31, 2014	
	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	172,600	20.00
Expired/lapsed during the year	122,680	-	-	-
Exercised during the year	49,220	20.00	-	-
Outstanding at the end of the year	-	-	172,600	20.00
Exercisable at the end of the year	-	-	172,600	20.00

There is no activity under Plan 2

The details of activity under Plan 3 have been summarised below:

	March 31, 2015		March 31, 2014	
	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	623,000	17.45
Expired/lapsed during the year	283,540	17.45	143,700	17.45
Exercised during the year	195,760	17.45	-	-
Outstanding at the end of the year	-	-	479,300	17.45
Exercisable at the end of the year	-	-	383,440	17.45

The details of exercise price for stock options outstanding as at March 31, 2015 :

	Plan 1	Plan 3
Number of options outstanding	-	-
Weighted average remaining contractual life of options (in years)	-	-
Weighted average exercise price (₹)	-	-

The details of exercise price for stock options outstanding as at March 31, 2014 :

	Plan 1	Plan 3
Number of options outstanding	172,600	479,300
Weighted average remaining contractual life of options (in years)	1 year	2 years
Weighted average exercise price (₹)	20	17.45

### 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.

(₹ millions)

	March 31, 2015		March 31, 2014	
	Minimum lease payments (MLP)	Present value of MLP	Minimum lease payments (MLP)	Present value of MLP
Within one year	1.18	1.16	1.50	1.24
After one year but not more than five years	1.27	0.99	2.05	1.81
More than five years	-	-	-	-
Total minimum lease payments	2.45	2.15	3.55	3.05
Less: amounts representing finance charges	0.30	-	0.50	-
Present value of minimum lease payments	2.15	2.15	3.05	3.05

Rental expense for operating leases for the years ended March 31, 2015 and March 31, 2014 was ₹ 75.78 millions and ₹ 72.64 millions 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  
 Siri Digital Network Private Limited w.e.f. February 02, 2015  
 Siti Broadband Services Private Limited w.e.f. July 19, 2014

**(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**

Dr. Subhash Chandra, Director, Mr. V.D. Wadhwa, Executive Director and CEO

**(iv) Enterprises owned or significantly influenced by key management personnel or their relatives**

Dish TV India Limited

Zee Entertainment Enterprises Limited

Zee Media Corporation Limited (formerly known as Zee News Limited)

Zee Turner Limited

Essel International Limited

Essel Media Ventures Limited

**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**

	Year ended	Sale of goods and services	Purchase of goods and services	Balance owed by related parties	Balance owed to related parties
(₹ millions)					
<b>Subsidiaries</b>					
Indian Cable Net Company Limited	March 31, 2015	28.86	5.27	445.46	-
	March 31, 2014	385.80	1.09	1,130.98	-
Master Channel Community Network Private Limited	March 31, 2015	52.76	-	86.67	-
	March 31, 2014	109.98	-	78.05	-
Siti Vision Digital Media Private Limited	March 31, 2015	-	-	290.36	-
	March 31, 2014	205.00	-	297.85	-
Wire and Wireless Tisai Satellite Limited	March 31, 2015	-	-	37.72	-
	March 31, 2014	-	-	37.68	-
Siti Jind Digital Media Communications Private Limited	March 31, 2015	38.05	-	20.51	-
	March 31, 2014	7.20	-	6.01	-
Siti Cable Broadband South Limited	March 31, 2015	-	-	0.54	-
	March 31, 2014	-	-	-	0.07
Siti Jai Maa Durgee Communications Private Limited	March 31, 2015	-	-	8.43	-
	March 31, 2014	1.87	-	8.88	-
Siti Krishna Digital Media Private Limited	March 31, 2015	21.13	-	33.96	-
	March 31, 2014	11.31	-	34.94	-
Siti Jony Digital Cable Network Private Limited	March 31, 2015	2.72	-	3.14	-
	March 31, 2014	1.25	-	2.24	-
Siti Guntur Digital Network Private Limited	March 31, 2015	15.00	-	35.43	-
	March 31, 2014	18.00	-	30.26	-
Siti Maurya Cable Net Private Limited	March 31, 2015	4.97	-	8.56	-
	March 31, 2014	74.17	-	16.83	-
Siti Faction Digital Private Limited	March 31, 2015	12.07	-	88.01	-

	Year ended	Sale of goods and services	Purchase of goods and services	Balance owed by related parties	Balance owed to related parties
					(₹ millions)
Siti Karnal Digital Media Network Private Limited	March 31, 2014	21.23	-	78.50	-
	March 31, 2015	107.48	-	118.15	-
Siri Digital Network Private Limited	March 31, 2014	-	-	-	-
	March 31, 2015	139.22	-	128.99	-
Siti Global Private Limited	March 31, 2014	-	-	-	-
	March 31, 2015	42.46	-	46.00	-
	March 31, 2014	-	-	-	-
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>					
Dish TV India Limited	March 31, 2015	-	-	-	-
	March 31, 2014	-	0.03	-	-
Zee Entertainment Enterprises Limited	March 31, 2015	330.23	10.39	42.27	13.63
	March 31, 2014	151.31	7.99	11.86	4.91
Zee Turner Limited	March 31, 2015	-	-	0.21	281.15
	March 31, 2014	-	-	0.21	281.65
Zee Media Corporation Limited	March 31, 2015	37.50	1.83	18.63	11.49
	March 31, 2014	50.96	2.75	20.05	13.53
Relative of KMP	March 31, 2015	-	-	-	-
	March 31, 2014	-	-	-	-

**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, 2015	346.68	1,676.32	657.69
	March 31, 2014	*1549.10	53.56	1,987.33
Central Bombay Cable Network Limited	March 31, 2015	7,825.00	8,117.70	598.74
	March 31, 2014	4,093.85	5,693.20	891.44
Siti Cable Broadband South Limited	March 31, 2015	16.95	-	21.34
	March 31, 2014	0.02	-	4.39
Siti Vision Digital Media Private Limited	March 31, 2015	46.69	10.00	40.32
	March 31, 2014	0.01	71.42	3.63
Siti Bhatia Network Entertainment Private Limited	March 31, 2015	26.29	21.25	10.36
	March 31, 2014	5.32	-	5.32
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>				
Zee Turner Limited	March 31, 2015	-	-	13.15
	March 31, 2014	-	-	13.15

\* Includes share application money pending allotment amounting of ₹ 1,500 millions.

## c. Advances taken and repayment thereof

	Year ended	Advances taken	Repayment	Balance owed to related parties
<b>Subsidiaries</b>				
Siti Vision Digital Media Private Limited	March 31, 2015	-	-	-
	March 31, 2014	-	25.00	-

## d. Expenditure paid by the Company on behalf of others and expenditure paid by others on behalf of the Company:

	(₹ millions)			
	Expenditure paid by the Company on behalf of the others		Expenditure paid by others on behalf of the Company	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Siti Vision Digital Media Private Limited	13.51	46.54	-	-
Siti Cable Broadband South Limited	0.31	0.02	-	-
Central Bombay Cable Network Limited	-	2.75	-	-
Master Channel Community Network Private Limited	0.01	0.04	-	-
Zee Entertainment Enterprises Limited	3.03	4.51	15.75	12.64
Siti Jai Maa Durgee Communications Private Limited	1.03	0.49	-	0.00
Siti Faction Digital Private Limited	14.20	0.21	-	-
Zee Turner Limited	-	0.81	-	-
Dish TV India Limited	-	-	-	0.05
Indian Cable Net Company Limited	53.98	28.74	87.17	25.72
Siti Jind Digital Media Communications Private Limited	0.83	3.85	-	-
Siti Krishna Digital Media Private Limited	0.01	-	-	-
Siti Karnal Digital Media Network Private Limited	8.40	-	-	-
Siti Global Private Limited	1.42	-	-	-
Siti Jony Digital Cable Network Private Limited	1.83	0.41	-	-

## e. Money received against warrants

	(₹ millions)	
	March 31, 2015	March 31, 2014
Essel International Limited	-	930.00
Essel Media Ventures Limited	-	1,500.00

## f. Equity shares issued against warrants

	(₹ millions)	
	March 31, 2015	March 31, 2014
Essel International Limited	57.72	-
Essel Media Ventures Limited	35.78	-

## g. Remuneration to key managerial personnel

	(₹ millions)	
	March 31, 2015	March 31, 2014
V.D. Wadhwa	20.90	7.41

#### h. Purchase of services

	(₹ millions)	
	March 31, 2015	March 31, 2014
Relatives of KMP	4.42	3.30

#### i. Corporate guarantee given by

	(₹ millions)	
	March 31, 2015	March 31, 2014
Zee Entertainment Enterprises Limited	610.00	791.00

### 35 CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed and not provided for (net of advances) amounting to ₹ 108.25 million (Previous year ₹ 1.28 million).

### 36 CONTINGENT LIABILITIES

- i) Claims against the Company not acknowledged as debts ₹ 15.02 million (Previous year ₹ 49.2 million)
- ii) Demands raised by the statutory authorities being contested by the Company ₹ 417.92 million (Previous year Nil)
- ii) The Company has undertaken to provide continuing financial support to subsidiaries are given as below:

#### **In March 31, 2015**

Central Bombay Cable Network Limited  
Siticable Broadband South Limited

#### **In March 31, 2014**

Siticable Broadband South Limited  
Wire and Wireless Tisai Satellite Private Limited  
Central Bombay Cable Network Limited  
Siti Jai Maa Durgee Communications Private Limited  
Siti Faction Digital Private Limited  
Siti Jony Digital Cable Network Private Limited  
Siti Vision Digital Media Private Limited  
Siti Bhatia Network Entertainment Private Limited

### 37 UNHEDGED FOREIGN CURRENCY EXPOSURE

Particulars of unhedged foreign currency exposure as at reporting date:

	March 31, 2015		March 31, 2014	
	US\$ million	(₹ millions)	US\$ million	(₹ millions)
Trade receivables for carriage income	0.38	23.59	0.06	3.38
Trade payables	0.68	42.65	1.63	97.00
Payable for fixed assets	18.60	1,164.27	5.17	308.35
Buyers' credit (Secured loan)	75.27	4,711.16	73.81	4,402.26

\* Closing rate as at March 31, 2015 (1 USD = ₹ 62.59 (March 31, 2014: 1 USD = ₹ 59.65))

### 38 The breakup of year end deferred tax assets and liabilities into major components of the respective balance is as under

Particulars	(₹ millions)	
	March 31, 2015	March 31, 2014
<b>Deferred tax liabilities</b>		
Unamortised expenditure for ancillary cost of arranging the borrowings	26.27	24.81
Timing difference in depreciation and amortisation of tangible and intangible assets	38.33	2.88
Gross deferred tax liabilities	64.59	27.69
<b>Deferred tax assets</b>		
Provision for doubtful debts	64.59	27.69
Gross deferred tax assets	64.59	27.69
<b>Net deferred tax liability/(assets)</b>	-	-

As at the year end, the Company would have net deferred tax asset primarily comprising of unabsorbed depreciation and carry forward losses under tax laws. In the absence of virtual certainty of sufficient future taxable income, the Company has taken the conservative approach and created deferred tax assets to the extent of deferred tax liability.

### 39 VALUE OF IMPORTS CALCULATED ON CIF BASIS

	(₹ millions)	
	March 31, 2015	March 31, 2014
Plant and machinery	125.53	-
Set top boxes and viewing cards	1,390.59	1,107.05
Stores and spares	-	3.40
Software	80.85	-
	1,596.97	1,110.45



#### 40 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

	(₹ millions)	
	March 31, 2015	March 31, 2014
Other operational cost	-	82.93
Legal, professional and consultancy charges	-	3.19
Foreign travelling	1.38	0.68
Letter of credit and buyer's credit interest	124.06	111.52
	125.44	198.31

#### 41 EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)

	(₹ millions)	
	March 31, 2015	March 31, 2014
Carriage income	18.26	16.54
	18.26	16.54

#### 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.

	(₹ millions)	
	March 31, 2015	March 31, 2014
Unutilised amount at the beginning of the year	75.87	75.87
Unutilised amount at the end of the year	75.87	75.87

Unutilised amount is lying in banks.

#### 43 UTILISATION OF PROCEEDS FROM QUALIFIED INSTITUTIONAL PLACEMENT (QIP)

The Company has during the 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.

	(₹ millions)	
	March 31, 2015	March 31, 2014
Unutilised amount at the beginning of the year	-	-
Add:- Amount received during the year	2,211.11	
Less: amount utilised during the year		
Working capital	17.10	-
Unutilised amount at the end of the year	2,194.01	-

Unutilised amount is lying in deposit account with banks.

**44 INFORMATION UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013****Investments made**

There are no investments made by the Company other than those stated under Note 14 in the Financial Statements.

**45** 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.

**46** Previous year amounts have been presented for the purpose of comparison and 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 Chandio & Co LLP  
(formerly Walker, Chandio & Co)  
Chartered Accountants

per Rajni Mundra  
Partner

Place : New Delhi  
Date : May 28, 2015

For and on behalf of the Board of Directors of  
SITI Cable Network Limited

V D Wadhwa  
Executive Director and CEO  
DIN 00439684

Sanjay Goyal  
Chief Financial Officer

Vinod Kumar Bakshi  
Director  
DIN 00771934

Suresh Kumar  
Company Secretary

# 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"), 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 2015, 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 and 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, but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used 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 Matter 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 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

### OTHER MATTER

9. (a) We did not audit the financial statements of 18 subsidiaries, included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹ 7,833.67 millions as at 31 March 2015, total revenues (after eliminating intra-group transactions) of ₹ 3,701.52 millions and net cash flows amounting to ₹ 97.78 millions 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-sections (3) and (11) 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) The consolidated financial statements also include the Group's share of net profit of ₹ nil for the year ended 31 March 2015, as considered in the consolidated

financial statements, in respect of 1 associate, whose financial information has not been audited by us. This financial information is unaudited and has 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 this associate, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, this financial information is 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 information certified by the Management.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, and based on the comments in the auditor's reports of the subsidiary companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, as applicable to such companies.
11. 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 incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) 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 to the consolidated financial statements, 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 incorporated in India.

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 : 28 May 2015

# Annexure to the Independent Auditor's Report

of even date to the members of SITI Cable Network Limited, on the consolidated financial statements for the year ended 31 March 2015

Based on the audit procedures performed for the purpose of reporting a true and fair view on the consolidated financial statements of the Holding 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 based on the comments in the auditor's reports of the subsidiary companies incorporated in India, we report that:

- (i) (a) The Holding 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. 4 subsidiary companies incorporated in India have maintained proper records showing full particulars, including quantitative details and situation of fixed assets except for set top boxes capitalised/ installed at customer premises. 12 subsidiary companies incorporated in India have maintained proper records showing full particulars, including quantitative details and situation of fixed assets. 2 subsidiary companies incorporated in India do not have any fixed assets; accordingly, the provisions of clause 3(i) of the Order are not applicable to them.
- (b) The Holding 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.

Fixed assets (other than set top boxes, 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) of 3 subsidiary companies incorporated in India, have been verified in a phased periodical manner, which, on consideration of the comments in the reports of the other auditors, is reasonable having regard to the size of these subsidiary companies and the nature of their assets. No material discrepancies were noticed on such verification.

2 subsidiary companies incorporated in India, have a regular program of physical verification of its fixed assets (other than set top boxes, 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 are verified in a phased manner over a period of three years, which, on consideration of the comments in the reports of the other auditors, is reasonable having regard to the size of these subsidiary companies and the nature of their assets. No material discrepancies were noticed on such verification. According to the information and explanations given to the other auditors, the existence of set top boxes installed at customer premises of these 2 subsidiary companies

is considered on the basis of the 'active user' status of the set top box.

Fixed assets of 2 subsidiary companies incorporated in India, have been verified in a phased periodical manner, which, on consideration of the comments in the reports of the other auditors, is reasonable having regard to the size of these subsidiary companies and the nature of its assets. No material discrepancies were noticed on such verification.

4 subsidiary companies incorporated in India, have a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of 3 years, which, on consideration of the comments in the reports of the other auditors, is reasonable having regard to the size of these subsidiary companies and the nature of their assets. No material discrepancies were noticed on such verification.

1 subsidiary company incorporated in India, has a regular program of physical verification of its fixed assets under which fixed assets are verified at reasonable intervals. No material discrepancies were noticed on such verification.

All fixed assets of 1 subsidiary company incorporated in India, have been physically verified by the management as at the year end. No material discrepancies were noticed on such verification.

The fixed assets of 3 subsidiary companies incorporated in India, have been physically verified by the management during the year and no material discrepancies were noticed on such verification. On consideration of the comments in the reports of the other auditors, the frequency of verification of the fixed assets is reasonable having regard to the size of these subsidiary companies and the nature of their assets.

(ii) (a) The management of the Holding Company has conducted physical verification of inventory at reasonable intervals during the year. The management of 2 subsidiary companies incorporated in India, have conducted physical verification of inventory except, set top boxes including smart cards with cable operators, at reasonable intervals.

16 subsidiary companies incorporated in India, do not have any inventory; accordingly, the provisions of clause 3(ii) of the Order are not applicable to these 16 subsidiary companies.

(b) The procedures of physical verification of inventory followed by the management of Holding Company and its two subsidiary companies incorporated in India, maintaining inventory, are reasonable and adequate in relation to the size of these entities and the nature of their businesses.

(c) Entities referred to in (ii)(b) are maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Holding Company and 17 subsidiary companies incorporated in India, have not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable.

1 subsidiary company incorporated in India, has granted interest free unsecured loans to parties covered in the register maintained under Section 189 of the Act; and with respect to these unsecured loans:

a. there is no repayment schedule; hence, the other auditor, is unable to comment as to whether receipt of the principal amount is regular; and

- b. in the absence of stipulated terms and conditions, other auditor is unable to comment as to whether there is any overdue amount in excess of ₹ one lakh and whether reasonable steps have been taken by the subsidiary company for recovery of the principal amount and interest.
- (iv) In our opinion and on consideration of the comments in the reports of the other auditors of 11 subsidiary companies incorporated in India, there is an adequate internal control system commensurate with the size of the respective companies and the nature of their businesses for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit and on the consideration of reports of the other auditors, no major weakness has been noticed in the internal control system in respect of these areas.
- In 2 subsidiary companies incorporated in India, there are no transactions pertaining to purchase of fixed assets or sales of goods and services. In opinion of and according to the information and explanations given to the auditors of these subsidiary companies, there is generally an adequate internal control system commensurate with the size of these subsidiary companies and nature of their businesses and during the course of their audit, no major instance of continuing failure to correct any weakness in the internal controls was noticed.
- Owing to the nature of business of 5 subsidiary companies incorporated in India, these subsidiary companies do not maintain any physical inventories or sell any goods. Accordingly, clause 3(iv) of the Order with respect to purchase of inventories and sale of goods is not applicable. In opinion of the auditors of these subsidiary companies, there is an adequate internal control system commensurate with the size of these subsidiary companies and the nature of their business for the purchase of fixed assets and for the sale of services. During the course of audit by other auditors, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) None of the Indian entities of the Group have 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) To the best of knowledge and belief of respective auditors of the Indian entities of the Group, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Group's products and services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) In case of Holding Company and 4 subsidiary companies incorporated in India, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have not been regularly deposited with the appropriate authorities and there have been significant delays in a large number of cases.



Undisputed amounts payable in respect thereof, in case of Holding Company and 2 subsidiary companies incorporated in India, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of the dues	Amount (₹ millions)	Period to which the amount relates	Due Date	Date of Payment
Entertainment Duty Act, 1923	Entertainment tax	71.73	Financial year 2012-2013 and 2013-2014	10th day of succeeding month	Not yet paid
		35.70	April 2014 to August 2014	10th day of succeeding month	Not yet paid
Entertainment Tax (Excise Department)	Entertainment tax	1.57	Financial year 2013-2014 and Financial year 2014-2015	7th day of succeeding month	Not yet paid
Finance Act, 1994	Service tax	2.94	Financial year 2013-2014 and Financial year 2014-2015	6th day of succeeding month	Not yet paid
Employees Provident Funds and Miscellaneous Provisions Act, 1952	Employees provident fund	0.08	Financial year 2014-2015	15th day of succeeding month	Not yet paid
The Employees' State Insurance Act, 1948	Employees state insurance	0.02	Financial year 2014-2015	21st day of succeeding month	Not yet paid

3 subsidiary companies incorporated in India, are regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. 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 become payable.

In case of 5 subsidiary companies incorporated in India, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth 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 with 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 except in case of a subsidiary companies incorporated in India, where undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of the dues	Amount (₹ millions)	Period to which the amount relates	Due Date	Date of Payment
West Bengal Entertainment Cum Amusement Tax Act, 1982	Interest on entertainment tax	3.91	Financial year 2013-2014 and April 2014 to August 2014	Last day of respective succeeding month	Not yet paid

6 subsidiary companies incorporated in India, are regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities except service tax where there are significant delays. 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 become payable except in case of a subsidiary company incorporated in India, where undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of the dues	Amount (₹ millions)	Period to which the amount relates	Due Date	Date of Payment
Finance Act, 1994	Service tax	0.03	Financial year 2010-2011 and 2011-2012	6th day of succeeding month	Not yet paid

- (b) Based on our audit and on consideration of the comments in the reports of the other auditors of the Indian entities of the Group, there are no dues in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess that have not been deposited on account of any dispute, except in case of the Holding Company and 7 subsidiary companies incorporated in India, wherein the dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ millions)	Amount paid under protest (₹ millions)	Period to which the amount relates	Forum where dispute is pending
West Bengal Entertainment Cum Amusement tax Act, 1982	Entertainment tax	6.13	Nil	Financial year 2007- 2008 to 2009-2010	Commissioner of Agricultural Income-tax, West Bengal
Finance Act, 1994	Service tax	9.09	Nil	Financial year 2006- 2007 to 2011-2012	Commissioner (Appeals-I)/ Central Excise/Kolkata

Name of the statute	Nature of dues	Amount (₹ millions)	Amount paid under protest (₹ millions)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income tax	0.04	Nil	Financial year 2006-2007	DCIT CIR-1(2)/Kolkata
Income-tax Act, 1961	Income tax	0.12	Nil	Financial year 2009-2010	DCIT CIR-1(2)/Kolkata
Income-tax Act, 1961	Income tax	0.06	Nil	Financial year 2010-2011	DCIT CIR-1(2)/Kolkata
West Bengal VAT Act	VAT	41.70	Nil	Financial year 2011-2012	Additional Commissioner of Commercial tax/Kolkata
Income-tax Act, 1961	Income tax	1.28	Nil	Assessment year 2012-2013	CIT (Appeals) -VI, New Delhi
Andhra Pradesh Entertainment Tax Act, 1939	Entertainment tax	0.34	Nil	Financial year 2010-2011	Entertainment tax Officer, Khairtabad Circle, Hyderabad
Andhra Pradesh Entertainment Tax Act, 1939	Entertainment tax	0.29	Nil	Financial year 2011-2012	Entertainment tax Officer, Khairtabad Circle, Hyderabad
Andhra Pradesh Entertainment Tax Act, 1939	Entertainment tax	21.86	Nil	Financial years 2010-2011 to 2013-2014	Entertainment tax Officer, Khairtabad Circle, Hyderabad
Income-tax Act, 1961	Tax deducted at source	0.24	Nil	Financial years 2010-2011 to 2014-2015	Income Tax Department Tax, New Delhi
Andhra Pradesh Value Added Tax Act, 2005	Value added tax	14.57	Nil	Financial year 2013-2014 to 2014-2015	Appellate Deputy Commissioner (CT), Vijayawada, Andhra Pradesh
Income-tax Act, 1961	Income tax	11.82	Nil	Assessment year 2010-2011	CIT (Appeals), New Delhi
Income-tax Act, 1961	Income tax	64.23	Nil	Assessment year 2010-2011 and 2012-2013	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service tax	22.98	Nil	Financial year 2004-2005 to 2008-2009	CESTAT
Karnataka Value Added Tax Act, 2003	Value added tax	2.83	Nil	Financial year 2007-2008	Joint Commissioner of Commercial Taxes
Andhra Pradesh Value Added Tax Act, 2005	Value added tax	5.58	Nil	Financial year 2010-11 to 2012-13	Appellate Deputy Commissioner, Commercial Taxes (Appeals)
The Maharashtra Value Added Tax Act, 2002	Value added tax	48.40	Nil	Financial year 2007-2008 to 2011-2012	Joint Commissioner of Commercial Taxes (Mumbai)

- (c) For Holding Company and subsidiary companies incorporated in India, there were no amounts which were required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder. Accordingly, the provisions of clause 3(vii)(c) of the Order are not applicable.
- (viii) In our opinion, the Holding Company and 2 subsidiary companies incorporated in India, have accumulated losses at the end of the financial year are more than fifty percent of their respective net worth. They have incurred cash losses in the current and the immediately preceding financial year.
- Based on consideration of the reports of the other auditors, 11 subsidiary companies incorporated in India, have been registered for less than five years.
- Based on consideration of the reports of the other auditors, 3 subsidiary companies incorporated in India, have no accumulated losses at the end of the financial year and have not incurred cash losses in the current and the immediately preceding financial year.
- Based on consideration of the reports of the other auditors, 2 subsidiary companies incorporated in India, have accumulated losses at the end of the financial year are more than fifty percent of their respective net worth. Further, these 2 subsidiary companies have not incurred cash losses in the current and the immediately preceding financial year.
- (ix) The Indian entities of the Group have not defaulted in repayment of dues to banks, financial institutions and debenture-holders during the year, wherever applicable.
- (x) The Indian entities of the Group have not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 3(x) of the Order are not applicable.
- (xi) In our opinion and on consideration of the comments in the reports of the other auditors of the Indian entities of the Group, terms loans, wherever obtained, have been applied for the purpose for which these were obtained.
- (xii) No fraud on or by any of the Indian entities of the Group has been noticed or reported during the course of audit by the respective auditors.

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 : 28 May 2015

# Consolidated Balance Sheet

as at March 31, 2015

	Notes	March 31, 2015	March 31, 2014
(₹ millions)			
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	4	678.27	521.35
Share suspense	49	-	314.63
Reserves and surplus	5	1,151.16	(1,582.98)
Money received against warrants	6	-	1,870.00
		1,829.43	1,123.00
Share application money pending allotment	52	-	10.41
Minority interest		677.60	260.75
<b>Non-current liabilities</b>			
Long-term borrowings	7	9,375.36	10,483.89
Deferred tax liability (net)	8	100.60	23.39
Other non-current liabilities	9	791.65	373.27
Long-term provisions	10	45.32	31.88
		10,312.93	10,912.43
<b>Current liabilities</b>			
Short term borrowings	11	465.25	473.87
Trade payables	12	2,614.17	2,448.54
Other current liabilities	13	6,430.63	2,936.05
Short-term provisions	10	33.63	64.97
		9,543.68	5,923.43
<b>Total</b>		<b>22,363.64</b>	<b>18,230.02</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	14	6,333.22	5,241.63
Intangible assets	15	2,526.85	2,345.63
Capital work-in-progress		1,990.12	1,702.29
Goodwill on consolidation		91.80	91.79
Non-current investments	16	8.42	8.42
Long-term loans and advances	17	404.88	632.32
Other non-current assets	18	630.10	479.25
		11,985.39	10,501.33
<b>Current assets</b>			
Current investments	19	8.04	8.04
Inventories	20	140.03	96.98
Trade receivables	21	3,283.49	1,953.56
Cash and bank balances	22	4,337.06	3,528.72
Short-term loans and advances	17	2,490.12	1,925.57
Other current assets	18	119.51	215.82
		10,378.25	7,728.69
<b>Total</b>		<b>22,363.64</b>	<b>18,230.02</b>
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the consolidated financial statements.			

This is the consolidated balance sheet 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

Vinod Kumar Bakshi  
Director  
DIN 00771934

Place : New Delhi  
Date : May 28, 2015

Sanjay Goyal  
Chief Financial Officer

Suresh Kumar  
Company Secretary

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2015

	Notes	March 31, 2015	March 31, 2014
(₹ millions)			
<b>REVENUE</b>			
Revenue from operations	23	9,059.29	6,972.37
Other income	24	310.69	131.04
<b>Total revenue</b>		<b>9,369.98</b>	<b>7,103.41</b>
<b>Expenses</b>			
Cost of materials consumed	25	0.97	23.47
Purchases of traded goods	26	16.10	72.21
Changes in inventories of traded goods	27	-	0.56
Carriage sharing, pay channel and related costs		5,108.22	3,339.53
Employee benefit expenses	28	517.90	381.94
Finance costs	29	1,208.83	1,191.13
Depreciation and amortisation expenses	30	1,327.86	837.90
Other expenses	31	2,042.47	2,026.35
<b>Total expenses</b>		<b>10,222.35</b>	<b>7,873.09</b>
Loss before exceptional item and tax		(852.37)	(769.68)
Exceptional items	32	(0.19)	(0.33)
<b>Loss before tax</b>		<b>(852.19)</b>	<b>(769.35)</b>
<b>TAX EXPENSES</b>			
<b>Current tax</b>		107.57	79.94
Minimum alternate tax (MAT) credit entitlement		(43.76)	(10.54)
Prior period tax adjustments		11.60	0.33
Deferred tax		91.25	(5.65)
<b>Loss for the year after tax before minority interest</b>		<b>(1,018.85)</b>	<b>(833.43)</b>
Adjustment for minority interest		72.14	107.18
<b>Loss for the year</b>		<b>(1,090.99)</b>	<b>(940.61)</b>
<b>Profit/(loss) attributable to</b>			
Owners of the Company		(1,090.99)	(940.61)
Minority interest		72.14	107.18
<b>Loss per share after tax</b>	33		
Basic		(1.77)	(2.07)
Diluted		(1.77)	(2.07)
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the consolidated financial statements.			

This is the consolidated statement of profit and loss 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

Vinod Kumar Bakshi  
Director  
DIN 00771934

Place : New Delhi  
Date : May 28, 2015

Sanjay Goyal  
Chief Financial Officer

Suresh Kumar  
Company Secretary

# Consolidated Cash Flow Statement

for the year ended March 31, 2015

	(₹ millions)	
	March 31, 2015	March 31, 2014
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before tax	(852.19)	(769.35)
Depreciation and amortisation expenses	1,327.86	837.90
Loss on sale of assets (net)	1.83	12.77
Bad debts written off	208.96	221.52
Excess provision written back	(168.85)	(40.22)
Amortisation of ancillary borrowing costs	29.42	26.53
Provision for doubtful debts (net)	114.16	69.46
Provision for doubtful advances	160.35	35.68
Unrealised foreign exchange loss	(33.57)	34.59
Interest expense	967.41	976.02
Interest income	(70.49)	(53.92)
<b>Operating profit before working capital changes</b>	<b>1,684.89</b>	<b>1,350.97</b>
Movements in working capital :		
Increase in trade payables	334.48	504.68
Increase in long-term provisions	13.45	3.48
(Decrease)/increase in short-term provisions	(31.35)	0.94
Increase/(decrease) in other non-current liabilities	418.38	(458.76)
Increase in other current liabilities	1,068.55	534.88
Increase in trade receivables	(1,653.05)	(1,276.60)
Increase in inventories	(43.05)	(17.98)
Increase in short-term loans and advances	(692.50)	(1,038.76)
Decrease in long-term loans and advances	255.83	2,431.23
Decrease/(Increase) in other current assets	147.74	(172.21)
(Increase)/Decrease in other non-current assets	(149.95)	0.23
Cash generated from operations	1,353.41	1,862.11
Direct taxes paid (net of refunds)	(136.93)	(225.50)
<b>Net cash flow from operating activities (A)</b>	<b>1,216.49</b>	<b>1,636.60</b>
Cash flows from investing activities		
Purchase of fixed assets including capital advance	(2,947.43)	(4,853.28)
Proceeds from sale of fixed assets	-	53.07
Consideration paid on acquisition of subsidiaries (net of assets acquired)	-	1.22
(Investments in)/Redemption of bank deposits having original maturity of more than three months and margin money deposits	(27.13)	134.88
Interest received	47.19	51.38

# Consolidated Cash Flow Statement

for the year ended March 31, 2015

	(₹ millions)	
	March 31, 2015	March 31, 2014
<b>Net cash used in investing activities (B)</b>	(2,927.37)	(4,612.73)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Minority interest	30.05	21.25
Proceeds from issuance of equity share capital	2,189.40	1,370.00
Share application money pending allotment	(10.41)	10.41
Amount received against share suspense	-	314.63
Proceeds from issuance of warrants	-	1,060.00
Proceeds from long-term borrowings	3,114.19	4,644.02
Repayment of long-term borrowings	(1,779.71)	(1,400.26)
(Repayment)/proceeds from short-term borrowings (net)	(8.62)	229.02
Interest and finance expenses paid	(1,042.81)	(1,020.58)
<b>Net cash flow from financing activities (C)</b>	2,492.08	5,228.49
<b>Net increase in cash and cash equivalents (A + B + C)</b>	781.21	2,252.37
Cash and cash equivalents at the beginning of the year	3,516.46	1,264.09
Cash and cash equivalents at the end of the year	4,297.67	3,516.46
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash on hand	54.29	43.09
Cheques on hand	532.59	367.18
Deposits	2,218.10	1,359.67
With banks- on current account	1,492.69	1,746.52
Total cash and cash equivalents (note 22)	4,297.67	3,516.46
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.

For Walker Chandiook & Co LLP  
(formerly Walker, Chandiook & Co)  
Chartered Accountants

per Rajni Mundra  
Partner

Place : New Delhi  
Date : May 28, 2015

For and on behalf of the Board of Directors of  
SITI Cable Network Limited

V D Wadhwa  
Executive Director and CEO  
DIN 00439684

Sanjay Goyal  
Chief Financial Officer

Vinod Kumar Bakshi  
Director  
DIN 00771934

Suresh Kumar  
Company Secretary



# Summary of Significant Accounting Policies and Other Explanatory Information

for the year ended March 31, 2015

## 1 A) CORPORATE INFORMATION

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 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.

In view of present positive network, substantial subscription revenue growth and continued financial support from promoter companies, these consolidated financial statements have been 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.

	Life (in years)
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 amortized over the lease term or 10 years; whichever is less.
- (iii) Leasehold land is amortized 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.
- (v) Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase.

#### **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) Amortization of intangible assets**

- (i) Goodwill arising in a scheme of arrangement and purchase of business is amortized using the straight-line method over a period of five years.
- (ii) Software are amortized 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 amortized 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, computer software are amortized over lower of useful life or period of six years on straight line basis.
- (vi) In case of Indian Cable Net Company Limited, distribution network rights are amortized 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 capitalized 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 capitalized.

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 capitalized 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 recognized 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 recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

**g) Borrowing costs**

Borrowing cost includes interest, amortization 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 capitalized 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 realizable 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 recognize 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 realizable 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 recognized 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 recognized on transfer of title of goods to the customer.

**(ii) Income from services**

Subscription income is recognized on completion of services and when no uncertainty exists regarding the amount of consideration that will be derived.

Lease rentals charges and carriage income are recognised on accrual basis over the terms of related agreements and when no uncertainty exists regarding the amount of consideration that will be derived. Carriage revenue recognition is done after formal agreement is executed with broadcasters.

Advertisement income is recognised when the related advertisement appears before the public and when no uncertainty exists regarding the amount of consideration that will be derived. Other advertisement revenue for slot sale is recognised on period basis.

Activation fees on Set top boxes (STB) is recognised as revenue on activation of the related boxes and when no 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 recognized on accrual basis.

**(iii) Interest**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

**l) 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 a 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 utilized 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 Group's employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Group 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. Preliminary expenditure are amortised in the year when they are incurred except in case of Siri Digital Network Private Limited where these are amortised over a period of 10 years.

## 4 SHARE CAPITAL

(₹ millions)

	March 31, 2015	March 31, 2014
<b>Authorised share capital</b>		
1,000,000,000 (Previous year: 740,000,000) equity shares of ₹ 1 each	1,000.00	740.00
10,000,000 (Previous year: 10,000,000) preference shares of ₹ 1 each	10.00	10.00
<b>Total authorised capital</b>	<b>1,010.00</b>	<b>750.00</b>
<b>Issued share capital</b>		
678,860,258 (Previous year 521,940,038) equity shares of ₹ 1 each	678.86	521.94
Less:- Forfeited 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>677.65</b>	<b>520.73</b>
<b>Subscribed and fully paid up capital</b>		
677,633,135 (Previous year: 520,712,915) equity shares of ₹ 1 each fully paid up	677.63	520.71
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>677.65</b>	<b>520.73</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>678.27</b>	<b>521.35</b>

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

#### Equity shares

	March 31, 2015		March 31, 2014	
	No. of shares	₹ millions	No. of shares	₹ millions
Outstanding at the beginning of the year	5207,12,915	520.71	4522,12,915	452.21
<b>Add:</b>				
Issued on conversion of share warrants	935,00,000	93.50	685,00,000	68.50
Issued during the year	631,74,540	63.17	-	-
Issued on exercise of employee stock options	2,45,680	0.25	-	-
<b>Outstanding at the end of the year</b>	<b>6776,33,135</b>	<b>677.63</b>	<b>5207,12,915</b>	<b>520.71</b>

#### Preference shares

There is no movement in preference share capital in current year and previous year.

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.

### (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

### (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, 2015		March 31, 2014	
	No. of shares	% of holding	No. of shares	% of holding
Churu Enterprises LLP	23,436	100%	23,436	100%

Equity shares	March 31, 2015		March 31, 2014	
	No. of shares	% of holding	No. of shares	% of holding
Bioscope Cinemas Private Limited	506,70,529	7.48%	506,70,529	9.73%
Direct Media Solutions Private Limited	1400,00,000	20.66%	1400,00,000	26.89%
Essel International Limited	677,50,000	10.00%	319,66,049	6.14%
Essel Media Ventures Limited	1164,31,000	17.18%	587,14,951	11.28%
Digital Satellite Holdings Private Limited	713,69,898	10.53%	713,69,898	13.70%

**(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, 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 have been allotted pursuant to the exercise of option.

**(g) No shares have been issued for consideration other than cash or as bonus shares in the current reporting year and in last five years immediately preceding the current reporting year.**

## 5 RESERVES AND SURPLUS

	(₹ millions)	
	March 31, 2015	March 31, 2014
<b>Foreign currency monetary item translation difference account</b>		
Balance at beginning of the year	(21.05)	-
Add: Recognised during the year.	(76.88)	(55.64)
Less: Amortised during the year	(43.31)	(34.59)
Balance at the end of the year	(54.62)	(21.05)
<b>Securities premium account</b>		
Balance at the beginning of the year	5,501.57	4,200.07
Add: Premium received on issue of equity shares	3,930.21	1,301.50
Less : Adjustment of expenses incurred on issue of equity shares	26.13	-
Balance at the end of the year	9,405.65	5,501.57
<b>Employee stock options reserve</b>		
Employee stock options outstanding	-	4.85
	-	4.85
<b>General reserve</b>		
Balance at the beginning of the year	-	-
Add: Transferred from employee stock option reserve	3.23	-
Balance at the end of the year	3.23	-
<b>Deficit in the statement of profit and loss</b>		
Balance at the beginning of the year	(7,068.35)	(6,127.74)
Add:- Adjustment on account of depreciation charge pursuant to implementation of Schedule II of the Companies Act, 2013 (net of deferred tax).	(43.76)	-
Loss for the year	(1,090.99)	(940.61)
Less: Final dividend proposed on preference shares (including Corporate Dividend Tax)	(0.01)	-
Balance at the end of the year	(8,203.10)	(7,068.35)
	1,151.16	(1,582.98)

## 6 MONEY RECEIVED AGAINST WARRANTS

- 1,870.00

### Details of utilisation of proceeds raised through warrants issued on preferential basis

	(₹ millions)	
	March 31, 2015	March 31, 2014
Balance unutilised at the end of the previous year	1,842.80	72.74
Add: Proceeds received during the year	-	2,430.00
Utilised for working capital requirements	-	194.40
Utilised for capital expenditure and capital advances	1,842.80	465.54
Balance unutilised at the end of the current year*	-	1,842.80

\* Balance unutilised amount is lying in current accounts with banks.

## 7 LONG-TERM BORROWINGS

	(₹ millions)			
	Non-current portion		Current	
	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
<b>(a) Term loans from banks (Secured)</b>				
Term loans	6,938.63	1,479.00	6,057.69	1,554.13
Buyer's credits	2,294.24	2,628.32	4,292.14	110.12
Finance lease obligations	0.99	1.16	1.81	1.24
<b>(b) Other borrowings from other parties (Unsecured)</b>	141.50	-	132.25	-
	9,375.36	4,108.48	10,483.89	1,665.49
<b>The above amount includes</b>				
Secured borrowings	9,233.86	4,108.48	10,351.64	1,665.49
Unsecured borrowings	141.50	-	132.25	-
Amount disclosed under the head "other current liabilities" (Note 13)	-	(4,108.48)	-	(1,665.49)
<b>Net amount</b>	<b>9,375.36</b>	<b>-</b>	<b>10,483.89</b>	<b>-</b>

## 8 DEFERRED TAX LIABILITY (NET)

	(₹ millions)	
	March 31, 2015	March 31, 2014
<b>Deferred tax liabilities</b>		
Unamortised expenditure for ancillary cost of arranging the borrowings	26.27	48.39
Timing difference in depreciation and amortisation of tangible and intangible assets	209.76	58.84
<b>Gross deferred tax liabilities</b>	<b>236.03</b>	<b>107.23</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	4.76	17.71
Provision for doubtful debts and advances	130.67	66.13
<b>Gross deferred tax assets</b>	<b>135.43</b>	<b>83.84</b>
<b>Net deferred tax liability</b>	<b>100.60</b>	<b>23.39</b>

## 9 OTHER NON-CURRENT LIABILITIES

	(₹ millions)	
	March 31, 2015	March 31, 2014
Advance from customers	30.35	2.84
Interest free deposit from customers	44.13	46.09
Payable for fixed assets	717.17	324.34
	791.65	373.27

## 10 PROVISIONS

	(₹ millions)			
	Long-term		Short-term	
	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
<b>Provision for employee benefits (Refer Note 36)</b>				
Provision for gratuity	25.51	0.98	19.02	0.97
Provision for compensated absences	17.12	1.12	12.49	0.90
Provision for taxation	2.69	31.53	0.37	63.10
	45.32	33.63	31.88	64.97

## Securities and salient features for borrowing

(₹ millions)

Nature of loan	March 31, 2015		March 31, 2014		Nature of securities	Interest rate	Tenure of repayment
	Non-current	Current	Non-current	Current			
<b>Term loan</b>							
1	-	150.00	225.00	300.00	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 associate 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+2.25%	16 quarterly installments starting from the end of the 15th month from the date of first disbursement.
2	337.50	187.50	534.69	131.25		Base rate+1.65%	8 half yearly installments starting from the end of the 15th month from the date of first disbursement.
3	350.00	150.00	650.00	200.00		Base rate+1.50%	8 half yearly installments starting from the end of the 15th month from the date of first disbursement.
4	1,000.00	-	1,000.00	-		Base rate+1.20%	8 half yearly installments starting from the end of the 15th month from the date of first disbursement.
5	700.00	-	-	-		Base rate+1.25%	
6	-	-	-	196.88	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 associate for maintenance of debt service reserve account (DSRA) for 2 quarters' interest.	Base rate+2.00%	16 quarterly installments starting from the end of the one year from the date of first disbursement.
7	355.00	135.00	480.00	100.00		Base rate+3.00%	15 quarterly installments starting from the end of the 18th month from the date of first disbursement
8	1,115.00	-	-	-		Base rate+2.50%	12 quarterly installments starting from the end of the 18th month from the date of first disbursement
9	1,643.63	794.00	2,168.00	626.00	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 associate 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+2.25%	16 quarterly installments starting from the end of the 15th month from the date of first disbursement.
10	937.50	62.50	1,000.00	-		Base rate+1.50%	16 quarterly installments starting from the end of the 27th month from the date of first disbursement.
11	500.00	-	-	-	-	Base rate+1.50%	16 quarterly installments starting from the end of the 27th month from the date of first disbursement.
Sub total	6,938.63	1,479.00	6,057.69	1,554.13			
<b>Buyer's credits</b>							
1	932.91	-	998.72	-	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 associate for maintenance of debt service reserve account (DSRA) for 2 quarters' interest.	Six months LIBOR+90 bps	Repayment at the end of tenure.
2	587.35	1,843.56	2,404.40	110.12		Six months LIBOR+350 bps	The facility shall be repaid in 4 equal semi annual installments from first drawdown date.
3	263.25	784.76	889.02	-	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 associate for maintenance of debt service reserve account (DSRA) for 1 quarters' interest.	Six months LIBOR+335 bps	The facility shall be repaid in 4 equal semi annual installments from first drawdown date.
4	299.33	-	-	-		Six months LIBOR+100 bps	The facility shall be repaid in 4 equal semi annual installments from first drawdown date.
5	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. Also secured by the first and exclusive equitable mortgage on its land and building, pledged of fixed deposit in the company and personal guarantee of the directors	Base rate+0.45%	The facility is repayable on expiry of 24 months from 1st drawdown date
Sub total	2,294.24	2,628.32	4,292.14	110.12			
Unsecured loan	141.50	-	132.25	-	Repayable on demand.	Interest free	
Finance lease obligations	0.99	1.16	1.81	1.24	Finance lease obligations - Secured by hypothecation of vehicles purchased thereunder.		

## 11 SHORT-TERM BORROWINGS

	(₹ millions)	
	March 31, 2015	March 31, 2014
<b>Secured</b>		
Loans repayable on demand from banks	465.25	473.87
	465.25	473.87

## 12 TRADE PAYABLES

	(₹ millions)	
	March 31, 2015	March 31, 2014
Dues to micro and small enterprises (Refer note below)	-	-
Dues to others	2,614.17	2,448.54
	2,614.17	2,448.54

The management has identified enterprises which have provided goods and services to the Group and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2015 has been made in the financials statements based on information received and available with the Group. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMEDA is not expected to be material.

## 13 Other current liabilities

	(₹ millions)	
	March 31, 2015	March 31, 2014
Current maturities of long-term borrowings (Refer note 7)	4,107.32	1,664.25
Current maturities of finance lease obligations (Refer note 7)	1.16	1.24
Interest accrued but not due on borrowings	32.60	48.32
Interest accrued and due on borrowings	-	1.24
Book overdraft	328.58	104.70
Advance from customers	171.23	34.62
Payable for fixed assets	938.09	238.43
Payable to employees	-	2.85
Income received in advance	30.99	88.05
Others		
Interest free deposits from customers	44.24	61.46
Statutory liabilities payable	212.63	406.79
Contractual liabilities payable	563.79	284.10
	6,430.63	2,936.05

## 14 TANGIBLE ASSETS

Gross block	(₹ millions)											Total		
	Building	Leasehold land	Plant and equipment	Computers and equipment	Office equipment	Furniture and fixtures	Air conditioners	Studio equipment	Vehicles	Ground distribution network	Leasehold improvements		Set top boxes	IRD boxes
Balance as at April 1, 2013	27.58	8.92	2,485.95	102.20	34.92	37.90	15.37	42.38	18.50	321.08	48.26	3,466.85	1.26	6,611.17
Addition on acquisition of subsidiaries	-	-	41.78	0.62	0.11	3.06	-	-	-	14.33	-	77.98	-	137.88
Addition on amalgamation (refer note 47)	-	-	12.05	1.70	1.26	6.44	-	-	4.14	-	-	-	-	25.59
Additions	-	-	89.37	9.55	4.04	1.08	0.32	0.59	1.38	29.48	7.35	1,689.04	-	1,832.20
Disposals	-	-	3.44	-	0.05	-	-	-	0.23	6.52	-	28.34	-	38.58
Balance as at March 31, 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	-	-	372.03	9.68	3.84	1.58	0.10	25.58	3.96	-	-	1,762.94	-	2,179.73
Disposals	-	-	-	-	-	-	-	-	2.69	-	-	-	-	2.69
Balance as at March 31, 2015	27.58	8.92	2,997.74	123.75	44.12	50.06	15.79	68.55	25.06	358.37	55.61	6,968.49	1.26	10,745.30
Accumulated depreciation														
Balance as at April 1, 2013	7.57	0.83	1,561.30	81.38	12.81	18.01	5.67	28.87	7.80	105.73	28.62	705.20	0.66	2,564.45
Addition on acquisition of subsidiaries	-	-	0.13	0.01	0.00	0.02	-	-	-	0.08	-	-	-	0.24
Addition on amalgamation (refer note 47)	-	-	3.15	1.40	0.67	1.87	-	-	0.63	-	-	-	-	7.72
Charge for the year	0.47	0.06	151.24	6.81	2.11	1.89	0.77	1.29	1.58	15.86	7.32	571.03	-	760.43
Reversal on disposal of assets	-	-	1.57	-	-	-	-	-	0.13	0.95	-	3.56	-	6.21
Balance as at March 31, 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
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
Adjustment from opening reserve	-	-	35.86	2.60	11.34	0.37	4.70	0.32	0.13	-	-	-	-	55.32

	Building	Leasehold land	Plant and equipment	Computers	Office equipment	Furniture and fixtures	Air conditioners	Studio equipment	Vehicles	Ground distribution network	Leasehold improvements	Set top boxes	IRD boxes	Total
Gross block	-	-	-	-	-	-	-	-	0.86	-	-	-	-	0.86
Reversal on disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2015	8.48	1.00	2,048.76	101.18	34.21	25.48	12.36	33.94	12.23	136.58	43.41	1,953.79	0.66	4,412.08
<b>Net block</b>														
Balance as at March 31, 2014	19.54	8.03	911.46	24.47	24.69	26.69	9.25	12.81	13.90	237.65	19.67	3,932.86	0.60	5,241.63
Balance as at March 31, 2015	19.10	7.92	948.98	22.57	9.91	24.58	3.43	34.61	12.83	221.79	12.20	5,014.69	0.60	6,333.22

**Note:-**

- 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 ₹ 127.84 millions (previous year ₹ 136.44 millions) has been added to the gross block of set top boxes and Nil (previous year ₹ 15.79 millions) has been added to capital work in progress.
- With effect from April 1, 2014, the Company has 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 quarter and year ended March 31, 2015 is higher by ₹ 39.0 millions. Similarly, in case of fixed assets whose life has been completed as on March 31, 2014, value (net of residual value) of those assets amounting to ₹ 55.32 millions has been the adjusted with the opening balances of retained earnings i.e. deficit in statement of profit and loss.

## 15 INTANGIBLE ASSETS

	(₹ millions)				
	Goodwill	Program/ film/ cable rights	Distribution network rights	Softwares	Total
Gross block					
Balance as at April 1, 2013	75.54	50.33	-	423.22	549.09
Addition on acquisition of subsidiaries	-	-	-	10.23	10.23
Addition on amalgamation (refer note 47)	421.33	-	1,550.00	0.05	1,971.38
Additions	-	-	-	115.32	115.32
Disposals	33.48	-	-	-	33.48
Balance as at March 31, 2014	463.39	50.33	1,550.00	548.82	2,612.54
Additions	-	-	-	479.86	479.86
Balance as at March 31, 2015	463.39	50.33	1,550.00	1,028.68	3,092.40
<b>Accumulated amortisation</b>					
Balance as at April 1, 2013	20.48	47.18	-	108.82	176.48
Addition on amalgamation (refer note 47)	-	-	12.92	0.04	12.96
Charge for the year	6.15	-	-	71.32	77.47
Balance as at March 31, 2014	26.63	47.18	12.92	180.18	266.91
Charge for the year	48.28	-	153.71	94.89	296.88
Adjustment from opening reserve	-	-	-	1.76	1.76
Balance as at March 31, 2015	74.91	47.18	166.63	276.83	565.55
<b>Net block</b>					
Balance as at March 31, 2014	436.76	3.15	1,537.08	368.64	2,345.63
Balance as at March 31, 2015	388.48	3.15	1,383.37	751.85	2,526.85

## 16 NON-CURRENT INVESTMENTS (TRADE, UNQUOTED)

(Valued at cost unless stated otherwise)

	(₹ millions)	
	March 31, 2015	March 31, 2014
<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
<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 Communication 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
	10.47	10.47
Less : Provision for diminution in the value of investments	2.05	2.05
	8.42	8.42
Investment in preference shares		
14,080 (previous year 14,080) 6% Non-cumulative redeemable preference shares of ₹ 100 each fully paid up of		



(₹ millions)

	March 31, 2015	March 31, 2014
Haryana Communication 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.

## 17 LOANS AND ADVANCES

(₹ millions)

	Long-term	Short-term	Long-term	Short-term
	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
<b>Capital advances</b>				
Unsecured, considered good	94.48	-	339.63	-
	94.48	-	339.63	-
<b>Security deposits</b>				
Unsecured, considered good	128.13	0.05	104.61	15.10
Doubtful	2.81	-	2.83	-
	130.94	0.05	107.44	15.10
Less: Provision for doubtful security deposits	2.81	-	2.83	-
	128.13	0.05	104.61	15.10
<b>Advances recoverable in cash or kind</b>				
Unsecured, considered good	-	6.29	-	-
Other advances	59.84	1,645.01	86.77	1,196.26
Doubtful	-	610.01	-	750.75
	59.84	2,261.31	86.77	1,947.01
Less: Provision for doubtful advances	-	610.01	-	750.75
	59.84	1,651.31	86.77	1,196.26
<b>Other loans and advances</b>				
<b>Unsecured, considered good</b>				
Advance tax	120.03	388.28	91.65	355.88
Balances with statutory authorities	2.40	439.16	9.66	347.11
Prepaid expenses	-	11.33	-	11.22
	122.43	838.77	101.31	714.21
	404.88	2,490.12	632.32	1,925.57

**18 OTHER ASSETS**

	(₹ millions)			
	Non-current	Current	Non-current	Current
	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
<b>Considered good unless stated otherwise</b>				
Non-current bank deposits ( refer note 22)	574.29	-	424.34	-
	574.29	-	424.34	-
<b>Unamortised expenditure</b>				
Ancillary cost of arranging the borrowings	55.81	53.51	54.91	25.38
	55.81	53.51	54.91	25.38
<b>Others</b>				
Interest accrued on fixed deposits	-	41.54	-	18.23
Unbilled revenue	-	24.46	-	172.21
	-	66.00	-	190.44
	630.10	119.51	479.25	215.82

**19 CURRENT INVESTMENTS (NON TRADE, UNQUOTED)**

(Valued at lower of cost or fair value)

	(₹ millions)	
	March 31, 2015	March 31, 2014
<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 unquoted investment	8.04	8.04

**20 INVENTORIES**

	(₹ millions)	
	March 31, 2015	March 31, 2014
<b>Valued at lower of cost or net realizable value</b>		
Stores and spares	140.03	96.98
	140.03	96.98

## 21 TRADE RECEIVABLES

	(₹ millions)	
	March 31, 2015	March 31, 2014
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	684.29	622.39
Unsecured, considered doubtful	962.08	1,360.43
	1,646.37	1,982.82
Less: Provision for doubtful debts	962.08	1,360.43
	684.29	622.39
<b>Other receivables</b>		
Unsecured, considered good	2,599.20	1,331.17
Unsecured, considered doubtful	5.85	1.90
	2,605.05	1,333.07
Less: Provision for doubtful debts	5.85	1.90
	2,599.20	1,331.17
	3,283.49	1,953.56

## 22 Cash and bank balances

	(₹ millions)			
	Non-current	Current	Non-current	Current
	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
<b>Cash and cash equivalents</b>				
Cash on hand	-	54.29	-	43.09
Cheques on hand	-	532.59	-	367.18
Balances with banks:				
On current accounts	-	1,492.69	-	1,746.52
Deposits with original maturity of less than three months	-	2,218.10	-	1,359.67
	-	4,297.67	-	3,516.46
<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		39.39	-	12.26
Margin money deposit (pledged)	574.29		424.34	-
	574.29	39.39	424.34	12.26
Amount disclosed under non-current assets (note 18)	574.29	-	424.34	-
	-	4,337.06	-	3,528.72

**23 REVENUE FROM OPERATIONS**

	(₹ millions)	
	March 31, 2015	March 31, 2014
<b>Sale of services</b>		
Subscription income	5,578.60	3,395.13
Advertisement income	178.36	179.90
Carriage income	2,489.75	2,271.11
Activation income	588.71	805.52
Set top box pairing charges	35.77	-
Other operating revenue		
Sale of traded goods*	20.35	106.07
Lease rental charges	27.45	21.73
Management charges and other networking income	139.99	192.70
Scrap sales	0.31	0.21
	9,059.29	6,972.37
<b>* Details of sale of traded goods</b>		
Set top box and viewing cards	19.75	102.65
Spares parts	0.60	3.42
	20.35	106.07

**24 OTHER INCOME**

	(₹ millions)	
	March 31, 2015	March 31, 2014
Interest income on		
Bank deposits	63.28	49.27
Others	7.21	4.65
Excess provision written back	168.85	40.22
Other non-operating income	71.35	36.90
	310.69	131.04

**25 COST OF MATERIALS CONSUMED-STORES AND SPARES**

	(₹ millions)	
	March 31, 2015	March 31, 2014
Opening stock	96.98	47.22
	96.98	47.22
Add : Purchases during the year	44.02	36.13
	44.02	36.13
Less: Transferred to fixed assets	-	-
	-	-
Less : Closing stock	140.03	59.88
	140.03	59.88
	0.97	23.47

## 26 PURCHASES OF TRADED GOODS

	(₹ millions)	
	March 31, 2015	March 31, 2014
Set top boxes	14.23	71.97
Viewing cards	1.87	0.24
	16.10	72.21

## 27 CHANGES IN INVENTORIES OF TRADED GOODS

	(₹ millions)	
	March 31, 2015	March 31, 2014
Opening stock		
Inventories	-	0.56
Less: Transferred to fixed assets		
Inventories	-	-
Closing stock		
Inventories	-	-
	-	0.56

## 28 EMPLOYEE BENEFIT EXPENSES

	(₹ millions)	
	March 31, 2015	March 31, 2014
Salaries, allowances and bonus	444.29	332.37
Contributions to provident and other funds	25.86	20.62
Employee benefits expenses	20.75	7.55
Staff welfare expenses	27.00	21.40
	517.90	381.94

## 29 FINANCE COSTS

	(₹ millions)	
	March 31, 2015	March 31, 2014
Interest	967.41	976.02
Bank charges	212.00	188.58
Amortisation of ancillary borrowing costs	29.42	26.53
	1,208.83	1,191.13

**30 DEPRECIATION AND AMORTIZATION EXPENSE**

	(₹ millions)	
	March 31, 2015	March 31, 2014
Depreciation of tangible assets (Refer note 14)	1,030.98	760.43
Amortization of intangible assets (Refer note 15)	296.88	77.47
	1,327.86	837.90

**31 OTHER EXPENSES**

	(₹ millions)	
	March 31, 2015	March 31, 2014
Rent	101.00	93.25
Rates and taxes	14.27	20.21
Communication expenses	19.04	17.68
Repairs and maintenance		
- Network	62.70	60.55
- Building	0.67	0.37
- Others	33.68	22.19
Electricity and water charges	52.25	46.21
Legal, professional and consultancy charges	79.32	79.31
Printing and stationery	7.65	4.90
Service charges	153.61	125.36
Travelling and conveyance expenses	52.06	39.70
Payment to auditors	7.94	4.82
Vehicle expenses	30.63	23.53
Insurance expenses	3.38	3.20
Provision for doubtful debts*	114.16	69.46
Provision for doubtful advances	160.35	35.68
Loss on sale of assets (net)	9.51	12.77
Advertisement and publicity expenses	49.55	53.32
Commission charges and incentives	137.76	175.58
Additional LCO commission	-	158.11
Bad debts	208.96	221.52
Program production expenses	25.24	25.43
Other operational cost	616.90	544.17
Business and sales promotion	33.98	24.54
Exchange fluctuation loss (net)	23.83	115.74
Miscellaneous expenses	44.03	48.75
	2,042.47	2,026.35
*Payment to auditors		
as an auditor	4.42	4.62
for other services	3.18	0.05
for reimbursement of expenses	0.34	0.15
	7.94	4.82

\*\* Provision for doubtful debts is net of liabilities written back ₹ 24.95 million (Previous year ₹ 41.53 million).

### 32 EXCEPTIONAL ITEMS

	(₹ millions)	
	March 31, 2015	March 31, 2014
Other	(0.19)	(0.33)
	(0.19)	(0.33)

### 33 LOSS PER SHARE

	(₹ millions)	
	March 31, 2015	March 31, 2014
Loss attributable to equity shareholders	(1,090.99)	(940.61)
Number of weighted average equity shares		
Basic	6179,52,314	4535,26,614
Diluted	6179,52,314	4535,26,614
Nominal value of equity share (₹ 1)	1	1
Loss per share after exceptional item and after tax		
Basic	(1.77)	(2.07)
Diluted	(1.77)	(2.07)

Effect of potential equity shares being anti-dilutive has not been considered while calculating diluted 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 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 “WWTSL”)	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 “SJDMPPL”)	India	51.00%
Siti Jai Maa Durgee Communications Private Limited (hereinafter referred as “SJMDCPL”)	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%
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”)	India	51.00%

w.e.f. February 02, 2015

Name of the subsidiaries	Country of incorporation	Percentage of ownership
Siti Global Private Limited (hereinafter referred as "SGPL") w.e.f. June 20, 2014	India	51.00%
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%

\*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	23.50%

\*\*\*\* Associate of SBNEPL

- 35** In view of the mandatory digital addressable system ('DAS') regulation announced by the Government of India, digitization of cable networks has been implemented in Phase 1 and Phase 2 cities effective November 1, 2012 and April 1, 2013 respectively. Owing to the initial delays in implementation of DAS in phase 1 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 and recognized subscription revenue on the basis of certain estimate under the new DAS regime based on certain estimates 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, recognized as expense for the year are as under :-Employer's contribution to provident fund and other funds ₹ 25.86 million (Previous year ₹ 20.62 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 summarizes the components of net benefit expenses recognized in the statement of profit and loss and amounts recognized in the balance sheet for the respective plans.

### Expense recognised in statement of profit and loss

	Gratuity	
	March 31, 2015	March 31, 2014
Current service cost	6.07	4.47
Interest cost on benefit obligation	1.88	1.83

(₹ millions)



(₹ millions)

	Gratuity	
	March 31, 2015	March 31, 2014
Actuarial gain on plan assets	(0.26)	(0.23)
Net actuarial gain recognized in the year	3.11	(2.17)
Expenses recognised in statement of profit and loss	10.79	3.90
Actual return on plan assets	(0.26)	(0.26)

**Benefit asset/ liability**

(₹ millions)

	Gratuity	
	March 31, 2015	March 31, 2014
Present value of defined benefit obligation	(31.09)	(23.45)
Fair value of plan assets	4.60	3.46
<b>Plan liability</b>	<b>(26.49)</b>	<b>(19.99)</b>

**Changes in fair value of assets**

(₹ millions)

	Gratuity	
	March 31, 2015	March 31, 2014
At the beginning of the year	3.46	2.80
Actuarial gain on plan assets	0.26	0.26
Contribution by employer	0.90	0.40
Benefits paid	(0.02)	-
At the closing of the year	4.60	3.46
Expected employer contribution next year#	0.90	0.90

# pertains to ICNCL only.

**Changes in the present value of the defined benefit obligation are as follows:**

(₹ millions)

	Gratuity	
	March 31, 2015	March 31, 2014
Present value of defined benefit obligation at the beginning of the year	23.45	20.38
Current service cost	6.07	4.47
Interest cost	1.88	1.83
Benefits paid	(3.42)	(1.06)
Actuarial loss/(gain) recognised during the year	3.11	(2.17)
Present value of defined benefit obligation at the end of the year *	31.09	23.45

The principal assumptions used in determining present value of defined benefit obligation given below:

	(₹ millions)			
	Leave encashment		Gratuity	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Discount rate (per annum)	8.00% - 9.00%	9.00%	8.00% - 9.00%	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:**

Gratuity	(₹ millions)				
	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Defined benefit obligation	31.09	23.45	20.38	14.22	13.43
Plan assets*	4.60	3.46	2.80	2.18	2.27
Net deficit	(26.49)	(19.99)	(17.58)	(12.04)	(11.16)
Experience adjustments on plan liabilities	0.02	0.02	1.07	1.70	1.11

\*pertains to ICNCL only.

### 37 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.

The movement in the options granted to the employee during the year is set out below :

	Plan 3	Plan 2	Plan 1
Date of grant	July 16, 2009	June 16, 2008	October 22, 2007
Date of Board approval	July 16, 2009	June 17, 2008	October 22, 2007
Date of shareholders' approval	October 22, 2009	August 17, 2009	September 18, 2007
Number of options granted	28,08,800	1,50,000	29,87,300
Method of settlement (cash/equity)	Equity	Equity	Equity
Vesting period	Five years	Five years	Five years
Exercise period	Four years	Four years	Four years

The details of activity under Plan 1 have been summarised below:

	March 31, 2015		March 31, 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	1,72,600	20.00	1,72,600	20.00
Expired/lapsed during the year	122,680	-	-	-
Exercised during the year	49,920	20.00	-	-
Outstanding at the end of the year	-	-	1,72,600	20.00
Exercisable at the end of the year	-	-	1,72,600	20.00

There is no activity under plan 2.

The details of activity under Plan 3 have been summarised below:

	March 31, 2015		March 31, 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	4,79,300	17.45	6,23,000	17.45
Expired/lapsed during the year	2,83,540	17.45	1,43,700	17.45
Exercised during the year	1,95,760	17.45	-	-
Outstanding at the end of the year	-	-	4,79,300	17.45
Exercisable at the end of the year	-	-	3,83,440	17.45

The details of exercise price for stock options outstanding as at March 31, 2015 :

	Plan 1	Plan 3
Number of options outstanding	-	-
Weighted average remaining contractual life of options (in years)	-	-
Weighted average exercise price (₹)	-	-

**The details of exercise price for stock options outstanding as at March 31, 2014 :**

	Plan 1	Plan 3
Number of options outstanding	1,72,600	6,23,000
Weighted average remaining contractual life of options (in years)	1 year	2 years
Weighted average exercise price (₹)	20	17.45

**38 LEASES****Finance lease: Group 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.

	(₹ millions)			
	March 31, 2015		March 31, 2014	
	Minimum lease payments (MLP)	Present value of MLP	MLP	Present value of MLP
Within one year	1.18	1.16	1.50	1.24
After one year but not more than five years	1.27	0.99	2.05	1.81
More than five years	-	-	-	-
Total minimum lease payments	2.45	2.15	3.55	3.05
Less: amounts representing finance charges	0.30	-	0.50	-
Present value of minimum lease payments	2.15	2.15	3.05	3.05

Rental expense for operating leases for the years ended March 31, 2015 and March 31, 2014 was ₹ 101.00 millions and ₹ 93.25 millions 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	Accumulated	Depreciation charged
	March 31, 2015	depreciation	during the year
	142.30	37.21	17.26
	Gross block as on	Accumulated	Depreciation charged
	March 31, 2014	depreciation	during the year
	142.30	19.96	16.42

**The total future minimum lease payment receivable under non cancellable operating lease is:**

	(₹ millions)	
	March 31, 2015	March 31, 2014
Lease payment for the year	30.00	29.18
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	42.64	72.64
Minimum lease payment later than 5 years	-	-

**39 RELATED PARTY DISCLOSURES**

**(i) Names of related parties where control exists**

**Associate Company**

Siti Chhattisgarh Multimedia Private Limited

**(ii) Key management personnel**

Dr. Subhash Chandra, Director, Mr .V.D. Wadhwa, Executive Director and CEO

**(iii) Enterprises owned or significantly influenced by key management personnel or their relatives**

Dish TV India Limited

Zee Entertainment Enterprises Limited  
 Zee Media Corporation Limited (formerly known as Zee News Limited)  
 Zee Sports Limited  
 Zee Turner Limited  
 Essel International Limited  
 Essel Media Ventures Limited

**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**

		(₹ millions)			
	Year ended	Sale of goods and services	Purchase of traded goods	Balance owed by related parties	Balance owed to related parties
<b>Associate</b>					
Siti Chhattisgarh Multimedia Private Limited	March 31, 2015	-	-	-	-
	March 31, 2014	18.02	-	3.88	5.32
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>					
Dish TV India Limited	March 31, 2015	-	-	-	-
	March 31, 2014	-	0.03	-	-
Zee Entertainment Enterprises Limited	March 31, 2015	330.23	10.39	42.27	13.63
	March 31, 2014	151.31	7.99	11.86	4.91
Zee Turner Limited	March 31, 2015	-	-	0.21	281.15
	March 31, 2014	-	-	0.21	281.65
Zee Media Corporation Limited	March 31, 2015	37.50	1.83	18.63	11.49
	March 31, 2014	50.96	2.75	20.05	13.53

**b. Advance given and repayment thereof**

	Year ended	Advance given	Repayment	Balance owed by related parties
(₹ millions)				
Enterprises owned or significantly influenced by key management personnel or their relatives				
Zee Turner Limited	March 31, 2015	-	-	13.15
	March 31, 2014	-	-	13.15

**c. Expenditure paid by the Group on behalf of others and expenditure paid by others on behalf of the Company:**

	Expenditure paid by the Group on behalf of the others		Expenditure paid by others on behalf of the Group	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
(₹ millions)				
Zee Entertainment Enterprises Limited	3.03	4.51	15.75	12.64
Zee Turner Limited	-	0.81	-	-
Dish TV India Limited	-	-	-	0.05

**d. Equity shares issued against warrants**

	March 31, 2015	March 31, 2014
(₹ millions)		
Essel International Limited	57.72	-
Essel Media Ventures Limited	35.78	-

**e. Money received on allotment of warrants**

	March 31, 2015	March 31, 2014
(₹ millions)		
Essel International Limited	-	930.00
Essel Media Ventures Limited	-	1,500.00

**f. Remuneration to key managerial personnel**

	March 31, 2015	March 31, 2014
(₹ millions)		
V.D. Wadhwa (from April 29, 2013)	20.90	7.41

**g. Purchase of services**

	March 31, 2015	March 31, 2014
(₹ millions)		
Relatives of KMP	4.42	3.30

#### h. Corporate guarantee given by

	(₹ millions)	
	March 31, 2015	March 31, 2014
Zee Entertainment Enterprises Limited	610.00	791.00

#### 40 CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed and not provided for (net of advances) amounting to ₹ 489.94 million (Previous year ₹ 333.14 million).

ICNCL has entered into a memorandum of understanding (MOU) for purchase of office space in Mumbai, at the terms and conditions set forth in the said MOU. ICNCL had given a sum of ₹ 300.00 million as an advance for the purchase / acquisition of the said office space and the amount is included in other advance in financial year March 31, 2015 (capital advances in previous year).

ICNCL has entered into agreements for construction of multi-storied building at Kolkata. Till March 31, 2015, ICNCL has incurred a total sum of ₹ 486.76 millions being payment made to the contractors and also for other payments in relation to construction of the building. This has been debited to capital work in progress. The said capital work in progress shall be appropriately capitalized in the books on completion of the project.

#### 41 CONTINGENT LIABILITIES

- i) Claims against the Group not acknowledged as debts ₹ 23.80 million (Previous year ₹ 52.00 million).
- ii) Demands raised by the statutory authorities being contested by the Group ₹ 523.01 million (Previous year ₹ 29.81 million).

- iii) In case of ICNCL, counter bank guarantees in respect of outstanding bank guarantees and fixed deposit pledged ₹ 0.67 million (Previous year ₹ 0.73 million).

- 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 recognized by the Company in the books of accounts.

**43 UNHEDGED FOREIGN CURRENCY EXPOSURE**

Particulars of unhedged foreign currency exposure as at reporting date:

	March 31, 2015		March 31, 2014	
	USD millions	₹ millions	USD millions	₹ millions
Trade receivables for carriage income	0.38	23.59	0.06	3.38
Trade payables	0.68	42.65	1.63	97.00
Payable for fixed assets	18.60	1,164.27	8.56	510.61
Buyers' credit (Secured loan)	78.65	4,923.20	73.81	4,402.26

\* Closing rate as at March 31, 2015 (1 USD = ₹ 62.59 (March 31, 2014: 1 USD = ₹ 59.65))

**44 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)**

	(₹ millions)	
	March 31, 2015	March 31, 2014
Other operational cost	-	82.93
Legal, professional and consultancy charges	-	3.19
Foreign travelling	1.38	0.68
Letter of credit and buyer's credit interest	124.06	111.52
	125.44	198.31

**45 EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)**

	(₹ millions)	
	March 31, 2015	March 31, 2014
Carriage income	18.26	16.54
	18.26	16.54

**46 VALUE OF IMPORTS CALCULATED ON CIF BASIS**

	(₹ millions)	
	March 31, 2015	March 31, 2014
Plant and machinery	125.53	-
Set top boxes and viewing cards	1,468.19	1,131.89
Stores and spares	-	3.40
Software	80.85	-
	1,674.57	1,135.29

**47** Pursuant to the approval of the shareholders and subsequent sanction of the High Court of the Judicature at Kolkata ('High Court') on May 8, 2014 to the Scheme of Amalgamation ('the Scheme') of Pearltree Tradelink Private Limited ('PTPL') with ICNCL. PTPL has been amalgamated with ICNCL with effect from the appointed date i.e March 31, 2014. Consequently the assets and liabilities of PTPL have been transferred to, and vested in ICNCL with effect from March 31, 2014. The certified copy of the order of the High Court in this regard was awaited as at March 31, 2014, for consequent filing



with Registrar of Companies. Based on a legal opinion obtained by ICNCL, the Scheme has been given effect to by ICNCL in its accounts and consequently effect of the same has been given in the consolidated accounts. Pursuant to the implementation of the Scheme, equity shares of ICNCL have been issued in the ratio of thirty one shares of ICNCL to the equity shareholders of PTPL for every one share held by them in PTPL and equal number of 6% non cumulative redeemable preference shares of ICNCL have been issued to the preferential shareholders of PTPL. Pending allotment, the same were shown in the share suspense account as at March 31, 2014. As per the Scheme, ICNCL has accounted for amalgamation in its books and all assets (including

intangible assets) and liabilities of PTPL as at the appointed date have been recorded by ICNCL at fair value. The difference between the face value of equity shares to be issued and the net assets acquired being ₹ 421.33 million was accounted for as Goodwill.

#### 48 RIGHTS ISSUE UTILIZATION

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.

	(₹ millions)	
	March 31, 2015	March 31, 2014
Unutilised amount at the beginning of the year	75.87	75.87
Unutilised amount at the end of the year	75.87	75.87
Unutilised amount is lying in banks.		

#### 49 SHARE SUSPENSE

	(₹ millions)	
	March 31, 2015	March 31, 2014
Equity share suspense 31,310,000 equity shares of ₹ 10 each to be allotted to the equity shareholders of Pearltree Tradelink Private Limited pursuant to the scheme of amalgamation (refer note 47)	-	313.10
Preference share suspense 15,270 6% Non-cumulative redeemable preference shares of ₹ 100 each to be allotted to the preference shareholders of Pearltree Tradelink Private Limited pursuant to the scheme of amalgamation (refer note 47)	-	1.53
	-	314.63

## 50 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.

(₹ millions)

	March 31, 2015	March 31, 2014
Unutilised amount at the beginning of the year	-	-
Add:- Amount received during the year	2,211.11	-
Less: amount utilised during the year		
Working capital	17.10	-
Unutilised amount at the end of the year	2,194.01	-
Unutilised amount is lying in deposit account with banks.		

51 The Group 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.

52 Equity shares of ₹ 10 each fully paid up were to be allotted at the premium of ₹ 100 each by SVD MPL 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.

(₹ millions)

Name of the Company	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	96%	1,765.33	108%	(1,177.57)
Subsidiaries				
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

(₹ millions)

Name of the Company	Net assets i.e., total assets minus total liabilities		Share of profit or loss	
	As % of	Amount	As % of	Amount
	consolidated net assets		consolidated profit or loss	
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** Previous year amounts have been presented for the purpose of comparison and 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 and on behalf of the Board of Directors of  
SITI Cable Network Limited

For Walker Chandiok & Co LLP  
(formerly Walker, Chandiok & Co)  
Chartered Accountants

per Rajni Mundra  
Partner

V D Wadhwa  
Executive Director and CEO  
DIN 00439684

Vinod Kumar Bakshi  
Director  
DIN 00771934

Place : New Delhi  
Date : May 28, 2015

Sanjay Goyal  
Chief Financial Officer

Suresh Kumar  
Company Secretary



**SITI CABLE NETWORK LIMITED**

Regd. Office: Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018  
Tel:-91-22-24831234 Fax:-91-22-24955974  
CIN:- L64200MH2006PLC160733 Website : www.siticable.com

**ATTENDANCE SLIP**  
**9<sup>th</sup> Annual General Meeting**

I/We hereby record my presence at the 9<sup>th</sup> Annual General Meeting of the Company at “Hall of Culture”, Nehru Center, Dr. Annie Besant Road, Worli, Mumbai - 400 018 on Thursday, the 27th day of August, 2015 at 3:30 p.m..

\_\_\_\_\_  
Name of Shareholder/Proxy: (IN BLOCK LETTERS)

\_\_\_\_\_  
Signature of Shareholder/Proxy

Folio No. ....

Client ID No.# .....

DP ID No. ....

No. of Shares .....

# (Applicable for shareholders holding shares in dematerialized form)





### SITI CABLE NETWORK LIMITED

Regd. Office: Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018  
Tel:-91-22-24831234 Fax:-91-22-24955974 CIN:- L64200MH2006PLC160733  
Website : www.siticable.com

### PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management Administration) Rules, 2014)

### 9<sup>th</sup> Annual General Meeting

Name of Member(s) : .....  
Registered address : .....  
E-mail Id : .....  
Folio No./ Client ID No. : .....

I/We, being the member(s) of ..... Shares of Siti Cable Network Limited, hereby appoint

- Name: ..... E-mail Id: .....  
Address: .....  
..... Signature: .....or failing him
- Name: ..... E-mail Id: .....  
Address: .....  
..... Signature: .....or failing him
- Name: ..... E-mail Id: .....  
Address: .....  
..... Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 9th Annual General Meeting of the Company to be held on Thursday, 27th day of August 2015 at 3.30 p.m. at "Hall of Culture", Nehru Center, Dr. Annie Besant Road, Worli, Mumbai - 400 018 and at any adjournment 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
1. Adoption of Audited Financial Statements of the Company on a standalone and consolidated basis for the financial year ended March 31, 2015 including the Balance sheet, Statement of Profit & Loss and the Reports of the Auditors and Directors thereon.		
2. Re-appointment of Mr. Subodh Kumar, IAS (Retd.) as a Director of the Company.		
3. Re-appointment of Auditors.		
4. Appointment of Ms. Kavita Kapahi as Independent Director.		
5. Approval for increasing the FII/FPI holding limit to 49% of the paid-up equity share capital of the Company or such other limit as may be permissible under applicable laws.		
6. Approval for raising of capital 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.		
7. Implementation of SITI ESOP 2015.		
8. Extending the benefits of SITI ESOP 2015 to the employees and Directors of the subsidiaries / holding company of the Company.		

Signed this .....day of ..... 2015

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 Continental Building, 135, Dr Annie Besant Road, Worli, Mumbai 400 018, not less than 48 hours before the commencement of the Meeting.









**SITI CABLE NETWORK LIMITED**

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