

**SITI Networks Limited**

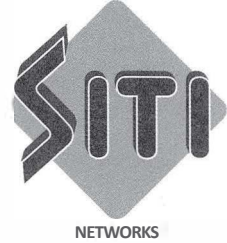
(Formerly known as SITI Cable Network Limited)

UG Floor, FC-19 & 20, Sector-16 A, Film City,

Noida, Uttar Pradesh-201301, India

Tel: +91-120-4526700

Website : [www.sitinetworks.com](http://www.sitinetworks.com)



September 3, 2018

The General Manager  
Corporate Relationship Department  
BSE Limited  
Phiroze Jeejeeboy Towers  
Dalal Street, Fort,  
Mumbai- 400 001  
**BSE Scrip Code: 532795**

The Manager  
Listing Department  
National Stock Exchange of India limited  
Plaza, 5<sup>th</sup> Floor, Plot no. C/1, G Block  
Sandra Kurla Complex, Sandra (E)  
Mumbai- 400 051  
**NSE Scrip Symbol: SITINET**

**Subject: Notice of 12<sup>th</sup> Annual General Meeting and Annual Report of Siti Networks Limited for the Financial Year 2017-18**

Dear Sir,

This is to inform you that 12<sup>th</sup> Annual General Meeting of the Members of the Company is scheduled to be held on Tuesday, September 25, 2018 at 3:00 p.m. at The Orchid, 70-C, Nehru Road, Near Mumbai Domestic Airport, Vile Parle (E), Mumbai, Maharashtra 400099.

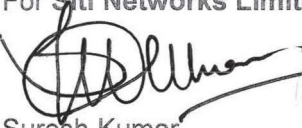
The Company has completed the dispatch of Annual Report for the financial year 2017-18 to its shareholders as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Please find attached herewith a copy of Annual Report for financial year 2017-18 comprising *inter-alia* Notice of the Annual General Meeting, Audited Financial Statements on a standalone and consolidated basis, Directors' Report & Auditor's Report for the financial year ended March 31, 2018. The copies of the notice published in newspapers confirming completion of dispatch of said Annual Report, availability of E-voting facility and announcement of Record Date pursuant to Sub-para 12 of Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are enclosed herewith.

The Annual Report of the Company can also be accessed on the website of the Company [www.sitinetworks.com](http://www.sitinetworks.com)

Thanking you

Yours truly,  
For **Siti Networks Limited**

  
Suresh Kumar  
Company Secretary



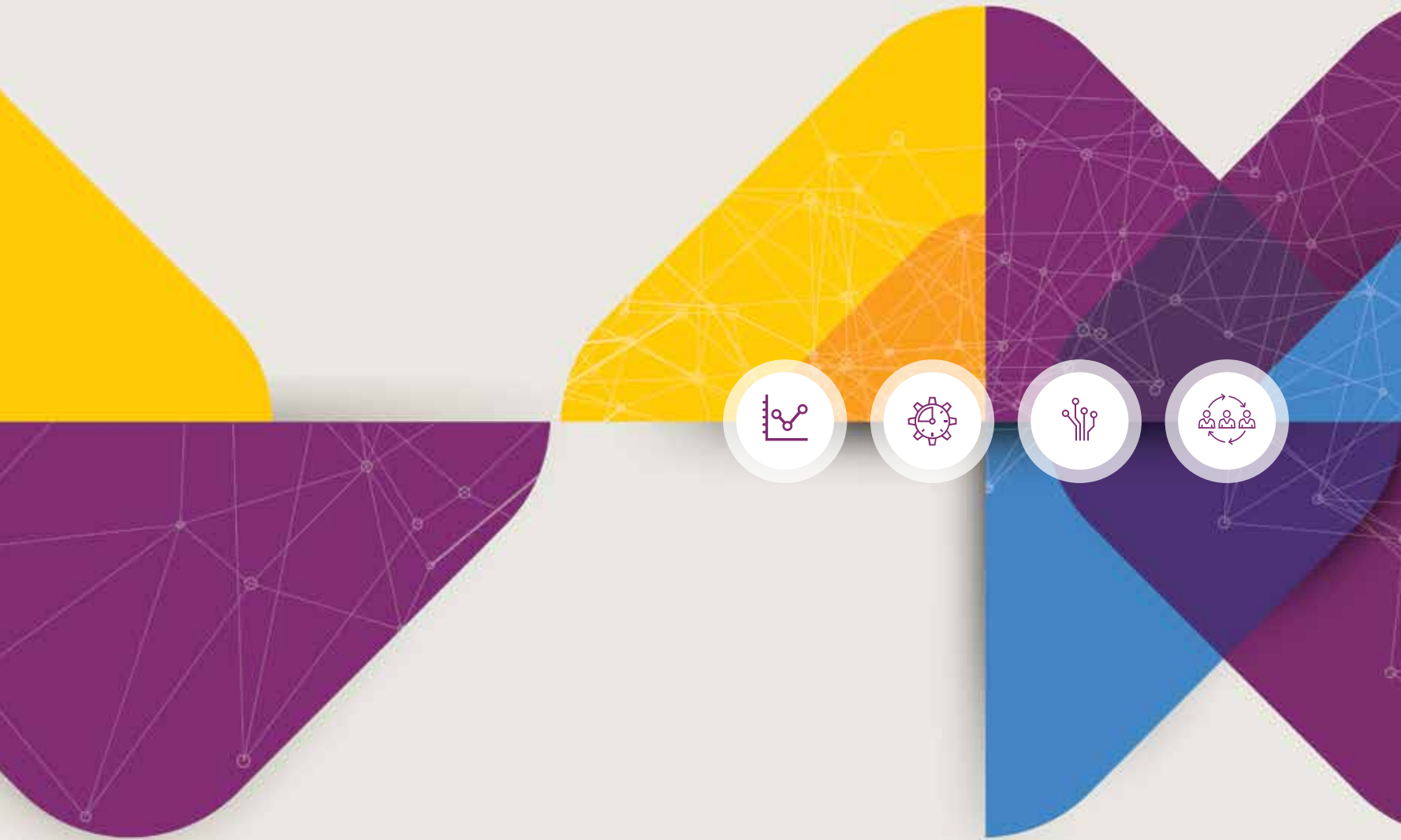
# Annual Report 2017-18

SITI Networks Limited



TRANSFORMING THE PRESENT

## Powering Profitable Growth



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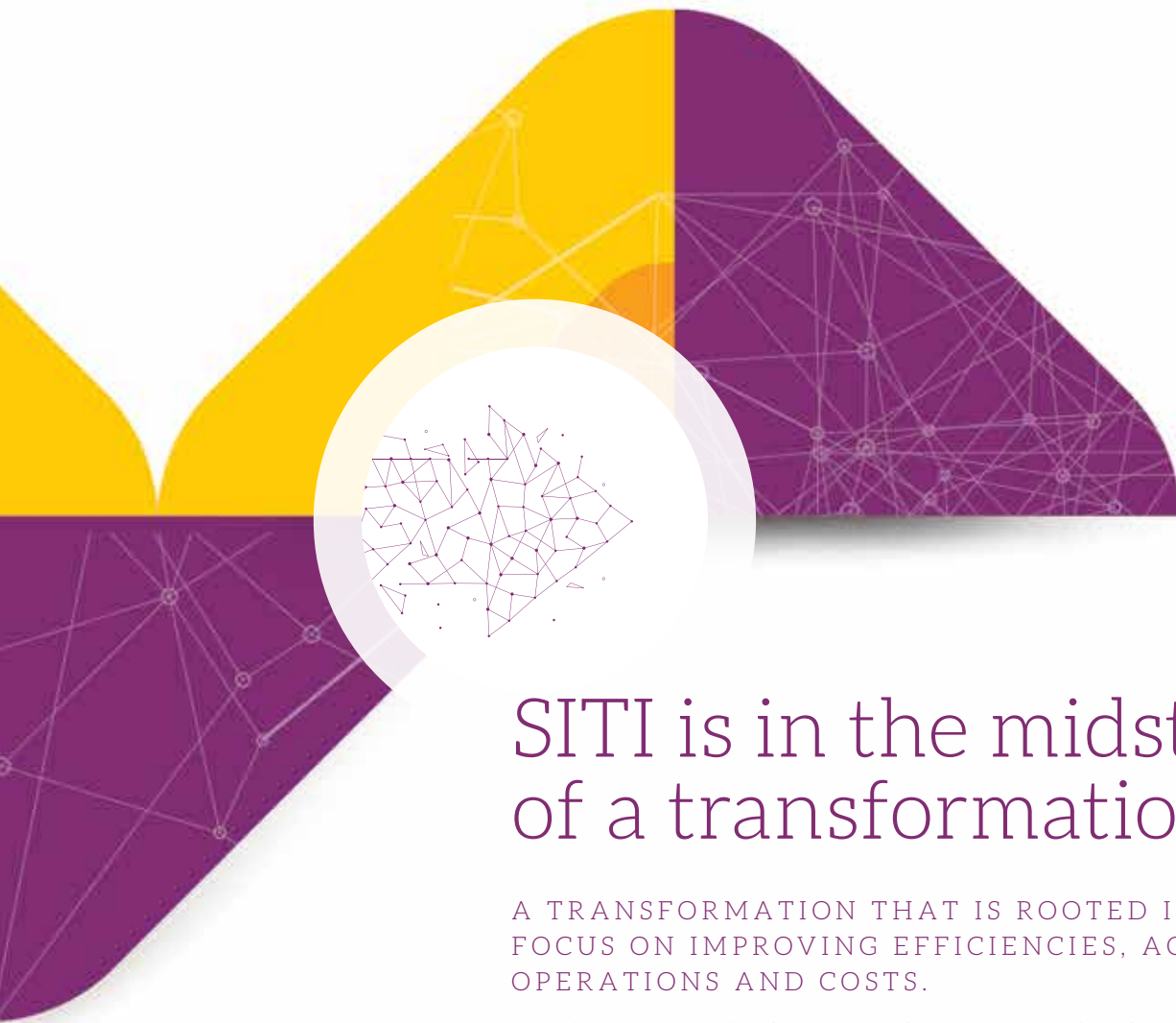
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Scan the above QR code to have a quick view of the report on your hand-held device.

### Forward-looking Statement

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events. The Company has sourced the industry information from the publicly available resources and has not verified this information independently.



# SITI is in the midst of a transformation.

A TRANSFORMATION THAT IS ROOTED IN A STRONGER FOCUS ON IMPROVING EFFICIENCIES, ACROSS OPERATIONS AND COSTS.

IT IS A TRANSFORMATION THAT IS FOUNDED ON AN EXPANDING PLATFORM OF INCREASED PRODUCTIVITY, BACKED BY A LEAN CULTURE.

AND A TRANSFORMATION WHICH WE ARE STEERING THROUGH OPTIMISATION OF OUR GEOGRAPHICAL FOOTPRINT, AND RATIONALISATION OF OUR INFRASTRUCTURE INVESTMENTS.

As we move towards making SITI a profitable entity, across verticals and segments, we are restructuring our offerings and streamlining our systems to make them better aligned to the needs of tomorrow. Augmenting our ground connect, we are focussed even more sharply on driving customer satisfaction,

along the entire value chain of our business.

Because we know that customer delight is the only way to power profitable growth, not just for the present but for the distant future as well.



## MESSAGE FROM CHIEF PATRON



**DEAR SHAREHOLDERS,**

It is with a profound sense of happiness and satisfaction as I witness another stellar performance from Siti Networks and its contribution towards the long-term goal of Digital India and nation building.



By all accounts, FY18 turned out to be an excellent year with an impressive increase in subscription revenue, that went up 41%, at ₹ 7,997 million as well as continued strong subscriber additions of 3.1 million.

At the same time, it continues to remain a vital cog in the whole media ecosystem as it continues to provide wholesome entertainment and education to the whole family, which is a fundamental building block of this great nation of ours.

By all accounts, FY18 turned out to be an excellent year with an impressive increase in subscription revenue, that went up 41%, at ₹7,997 million as well as continued strong subscriber additions of 3.1 mn. These two levers will continue to be the key towards driving growth

and ensuring market preponderance as we commit to serve our valuable end consumers. In consonance with this, SITI played a vital role in growing the TV households universe from 183 mn to 197 mn and pushing television penetration up to 66% across the country. We will continue this digitisation momentum and ensure the television becomes a window to the world, in line with the ethos of "vasudev kutumbakam".

This spectacular growth is aligned with the positivity in the Indian Media & Entertainment Industry, which grew around 13% in 2017 to touch ₹ 1.5 trillion.

The percolation of digitisation that we have seen lately should also be credited to the electrification initiatives taken by the Government of India, under the dynamic leadership of our Prime Minister; Indeed, April 28, 2018 will be remembered as a historic day as all 18,452 villages across India got access to electricity. I see this as a key enabler for the growth of television penetration.

The recently announced TRAI tariff order has also come as a positive development that is expected to accelerate sector growth, empower the end consumer and ensure redistribution of power in the media value chain. It will also ensure that revenue gains flow to the bottomline and support a healthy and sustainable distribution environment in the country.

Further augmenting our profitable growth potential is the strong push in the Union Budget 2018-19 to the creation and upliftment of infrastructure, with the Government of India allocating ₹ 5.97 trillion for the same. Infrastructure development being a key propeller of growth for the economy, and the Media and Entertainment (M&E) in particular, this creates a more enabling environment for

your Company's growth.

With significant investments already made in strengthening its technological infrastructure and reach, we are effectively poised to leverage the opportunities opening up across the business value chain.

At SITI, we are well equipped and more than ready to embrace the transformation to drive a more compelling, entertaining and empowering value proposition for our customers. The end customer has emerged as the central pivot around which we have structured our transformational agenda, and we are now more focussed than ever on improving customer experience at every step of the business value chain.

Going forward, we shall continue to proactively pursue this progressive agenda to connect more deeply with the customer through an enhanced content portfolio, more streamlined delivery systems, and more experiential offerings that are designed to address his aspirational needs proactively and effectively.

On this note, let me conclude by congratulating and thanking every member of the SITI Networks family for helping us steer the positive transformation with which we are aiming to scale more profitable growth in the years ahead. I would also like to express my heartfelt gratitude to other stakeholders for extending their unwavering support to us in this mission, which will empower all of us to create a more enabling environment for collective progress.

Best Wishes,

**Dr. Subhash Chandra**

## MESSAGE FROM CHIEF BUSINESS TRANSFORMATION OFFICER



Our single-minded focus in making SITI a profitable entity has enabled us to significantly grow operating EBITDA and expand margins manifold. Concomitantly, we continued to deliver unmatched customer experience and an unparalleled content bouquet designed to meet the diverse viewing needs of our 55 million strong pan-India customer base.

### A YEAR OF EXCEPTIONAL PERFORMANCE

It gives me immense satisfaction to share that FY18 turned out to be an outstanding year as we exceeded expectations to post an impressive 2.1 times year-on-year expansion of EBITDA Margin to 12.0% a glowing testament to the various successes notched by SITI in its journey of transformation into a process-driven organisation with customer experience at its heart. EBITDA witnessed 2.6 x increase to ₹ 1,507 million from ₹ 586 million in the previous fiscal, underlining the success of our unrelenting focus on the twin drivers of strong revenue growth coupled with operational efficiencies to deliver profitable growth for shareholders.

Our full year consolidated revenues stood at ₹ 14,264 million, of which ₹ 7,997 million came from Subscription Revenue alone, driven by improved monetisation growth of 14% and 72% in Phase 3 and 4 areas respectively. Adding 3.1 million digital cable customers also was key to plough on with the digitisation mandate as we ended up with the largest MSO digital subscriber base of 11.5 million. We are well placed to translate this market reach to revenue growth and subsequent stable recurring cash flows.

Notably, FY18 was the year your Company touched 3,15,000 HD subscribers and surpassed 95% in Collection efficiency, a testament to the disciplined execution in place.

### CREATING AN EFFICIENT & AGILE ORGANISATION

These stellar numbers underlined the success of our focussed efforts to maintain a steady increase in revenue growth, while driving efficiencies through a judicious balance between cost prudence and solid EBITDA growth with expanding margins. Our performance also underscores the success of our sustained focus on building an agile, technology-driven and process-led workforce, which is completely aligned to our goal of driving long-term profitable growth in the transitional industry milieu, led by the Government's strong thrust on digital infrastructure development.

Cost moderation was a key facet of our strategic approach to boost operational efficiencies and our initiatives during the year were spread across various expense items including but not limited to general and administrative expenses, bandwidth costs, personnel costs and others, aimed at making your Company fiscally prudent.

### DEAR SHAREHOLDERS,

FY18 proved to be a turnaround year for SITI on the back of a robust operational and financial performance driven by the tenacious and disciplined execution of SITI employees.

Your Company also strategically optimised our geographical footprint and infrastructure investments towards a more concentrated market positioning. We also went in for human resources rationalisation, based on the philosophy of the right person for the right job to boost utilisation levels and created fungible teams to improve flexibility.

The renewal of our content deals with key broadcasters at moderate rate increases allowed us to provide continuity in our varied content portfolio. We see this key item getting further aligned with subscription revenue and customer choice with the implementation of the new TRAI Tariff Order from January 2019. This will lead to changes in the media delivery value chain, ensure monetisation gains flow through to the bottomline and provide to the end customers the right to choose bespoke content.

### AUGMENTING THE CONSUMER CONNECT

In line with our customer-centric approach, we have also moved proactively to strengthen our operational engagement with our business partners and JVs. Improved ground connect was a major strategic driver of the growth in our subscription collection levels, and we will continue to monitor collection efficiencies as a key metric going forward. It will also be our effort to further boost ARPU and bring parity in this aspect across phases, now that digitisation is largely behind us.

We are moving steadily to adopt prepaid as the preferred mode of payment with our business associates. I am confident this will emerge as a major facilitator towards the realisation of our ambition to become a profitable entity.

High definition (HD) penetration is another area which we have strategically focussed on, as we see significant headroom for expansion on this count. HD is an experiential offering, with which we are

reaching out to our existing customers through door-to-door promotions. The response has been quite positive and we added 36,000 HD subscribers to take our HD base to 3.15 lakhs during the year. We plan to get more aggressive with HD and to push for HD STBs when the old STBs are due for replacement in DAS Phase 1 and 2.

### GOING FORWARD

The future is full of exciting possibilities with significant latent potential for exponential growth for the consumer-focussed business which we are in. Building a SITI ready for this future growth is what we shall focus ourselves more firmly on, in the coming year, as we augment our efforts to drive a high-performance culture across the organisation.

Our efforts to become a customer first company rely heavily on data and technology; We will invest disproportionately to ensure innovation, utility and convenience. We are automating various customer touch-points and building interfaces which are intuitive and scalable. We are working with technology and hardware partners to incorporate AI and machine learning into our workflows. The aim is to transform into a technologically agile organisation.

We are experimenting with connected boxes to give shape to the digital future and harness the OTT wave. We intend to create incubators to develop disruptive systems that enable anytime discoverable content for the end consumer as we move to an era of symbiosis between television and digital viewing.

With the SITI values, we rolled out in FY18 acting as a guiding light, we shall continue with our disciplined execution approach in our quest to tap opportunities in both existing and new markets. Building further on cost synergies and pursuing innovation with a focus on profitable growth, we shall aim to deepen our consumer engagement



Our full year consolidated revenues stood at ₹ 14,264 million, of which ₹ 7,997 million came from Subscription Revenue alone, driven by improved monetisation growth of 14% and 72% in Phase 3 and 4 areas respectively.

to further delight the end consumer as they discover new facets of digital entertainment coupled with bespoke options.

We believe that to achieve these goals, we need to further enhance our people-process-product proposition to weave it move intricately into the organisational fabric. And I am confident we shall succeed in doing so with your continued support and trust, which has been a strong motivator of our transformational journey so far and will be a critical driver of our growth agenda going forward.

Best regards,

**Rajesh Sethi**



## TRANSFORMING HOMES ENRICHING LIVES

Part of the diversified Essel Group conglomerate, Siti Networks limited is currently engaged in driving a transformational agenda to power profitable growth across its business fabric. Focussed on delivering holistic value to all its stakeholders, the Company uses state-of-the-art technology to transform consumer experience across Digital Cable TELEVISION AND BROADBAND.

### AND THERE'S MORE...

Your Company, which was formerly known as "SITI Cable Network Limited", is continuously striving to enhance customer delight with services offered in digital mode. It is equipped with the technical capability to provide features like Video on Demand, Pay per View, Over-The-Top content (OTT) & Electronic Programming Guide (EPG).

### CARRYING FORWARD THE ESSEL LEGACY

We are proud to carry forward the rich legacy of the Essel Group – a leading business houses with a diverse portfolio of assets in media, packaging, entertainment, technology-enabled services, infrastructure development and education. Essel Group has a geographical reach across 171 countries, with a dominant vertically integrated presence in Media and Entertainment.

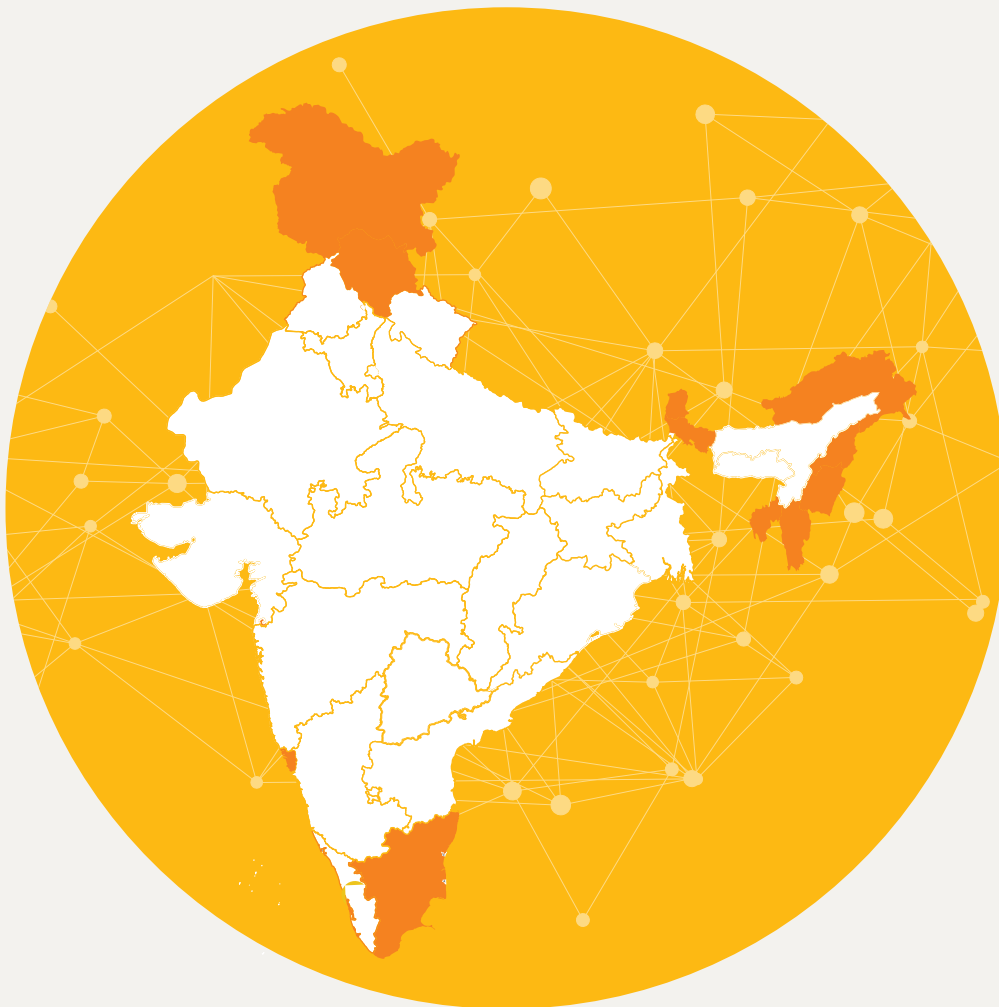
With **15 digital head ends** and an optical fibre & coaxial network spanning more than **33,000 Kms**, we are currently providing digital cable services at **~580 Locations** reaching out to over **11.5 million digital customers**, across the country.

The cable operations of SITI Networks Limited were launched in 1994, when it was a 100% subsidiary of Zee Telefilms Limited (ZTL).

## OUR VISION

To gain the leadership position in the industry as an integrated service provider by being the preferred choice of the consumer by enhancing the consumer delight through offering superior content, quality, services by using advance technology as an edge.

## OUR EXPANDING REACH & GROWING PRESENCE



Present in

22

States & Union Territories

Across

580+

Locations

|                |                |
|----------------|----------------|
| Delhi          | Telangana      |
| Rajasthan      | Chhattisgarh   |
| Punjab         | Odisha         |
| Chandigarh     | Madhya Pradesh |
| Haryana        | Jharkhand      |
| Uttarakhand    | Bihar          |
| Gujarat        | Uttar Pradesh  |
| Maharashtra    | West Bengal    |
| Karnataka      | Assam          |
| Kerala         | Meghalaya      |
| Andhra Pradesh |                |

## A JOURNEY OF MANY FIRSTS

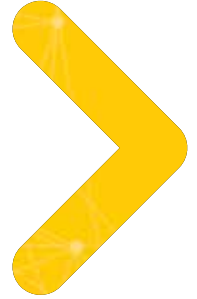
**1st MSO**  
In India

Established  
in 1994

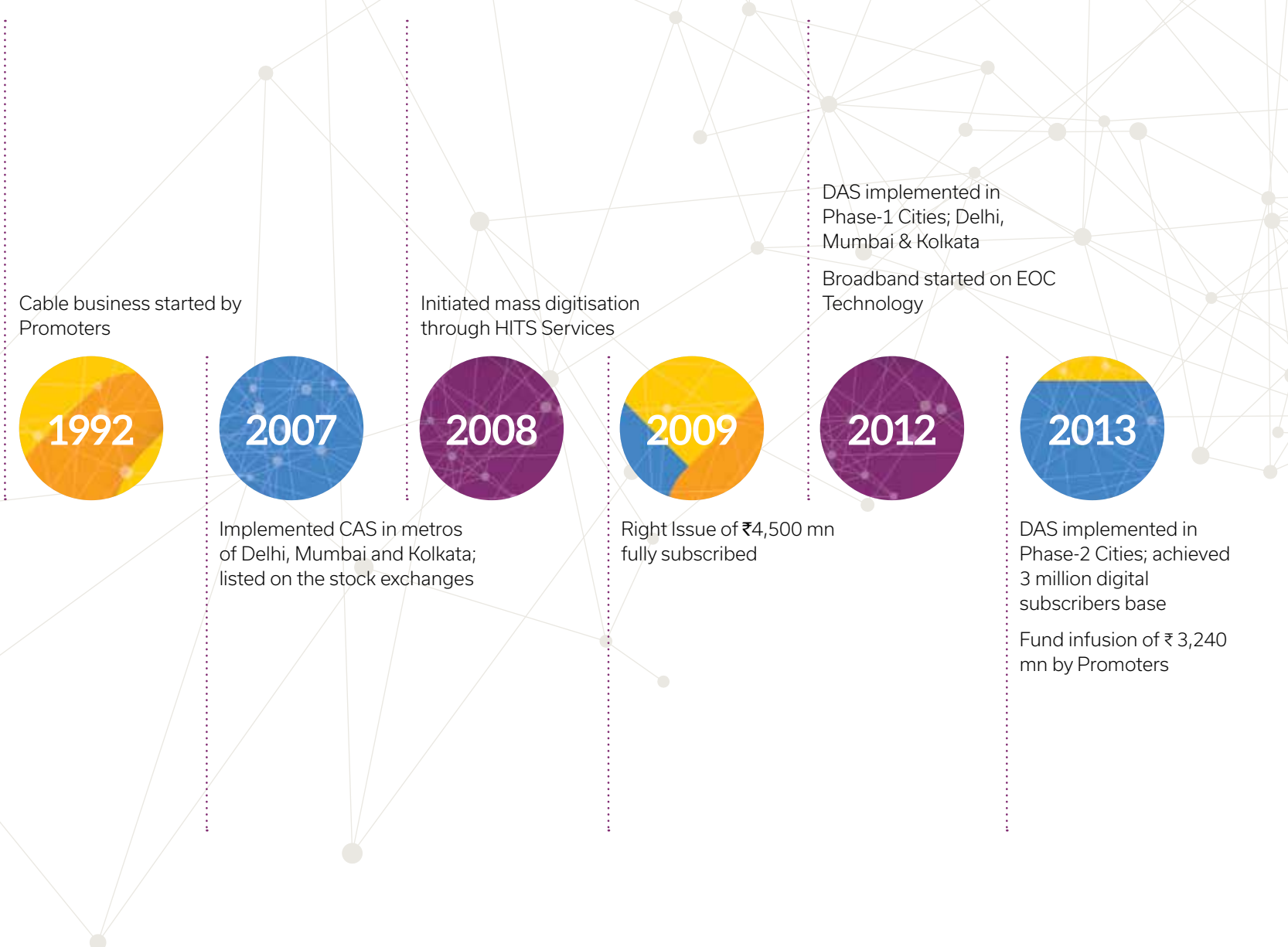


**1st MSO**

to be listed  
on stock  
exchange



## MILESTONES OF OUR GROWTH TRAJECTORY



**1st MSO**

to launch local channels



**1st MSO**

to give control to LCO through OYC

Broadband launched in Delhi on DOCSIS 2 / 3 Technology  
Started providing 18 HD Channels; Achieved 4 million digital subscribers base



Raised ₹ 2,210 mn from the Secondary Market via QIP Route in February 2015

Digital Cable Subscribers base reached to 5.4 mn with cable universe of 10.5mn



Achieved financial turnaround for the first time in its history; reported PAT of ₹ 9 Crores and PBT of ₹ 22 Crores

Fund infusion of ₹ 5,300 mn by Promoters

Acquired majority stakes / entered into strategic partnerships with regional MSOs in Assam, Maharashtra, Gujarat and Odisha



Chosen to be a constituent of the Morgan Stanley Capital International (MSCI) India Domestic & Global Small Cap Index

Started providing OTT services in partnership with Ditto TV; customer base at 60,000 subscribers

Extended broadband presence in 3 cities of Haryana namely Hissar, Karnal and Rohtak

Fund infusion of ₹ 1,500 mn by Promoters



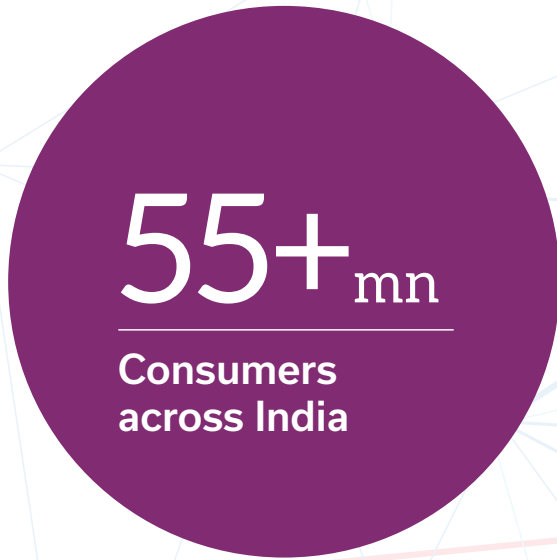
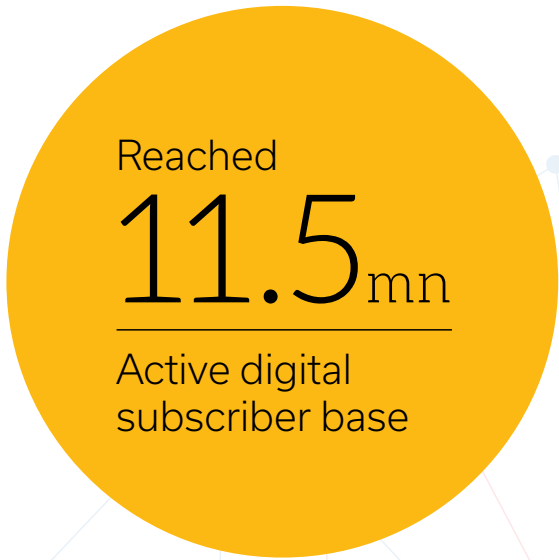
Re-affirmed long-term rating of "A-" by ICRA (The outlook on the long-term rating is stable)

Seeded Industry-leading 3.1 mn STBs across Phase 3 & 4

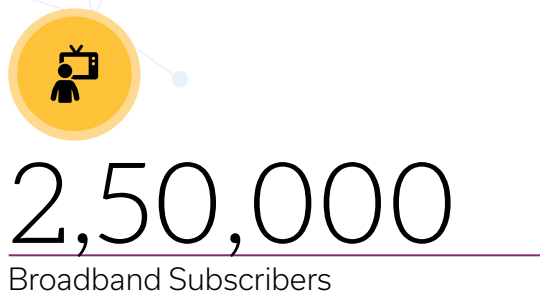
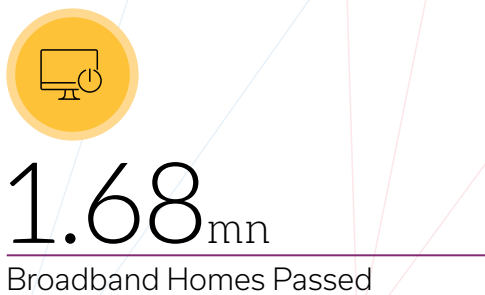
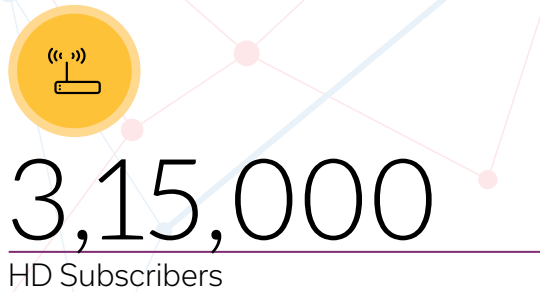
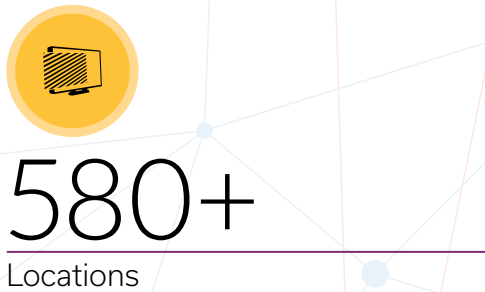
Extended broadband business in Nagpur city of Maharashtra



# A YEAR OF TRANSFORMATION



## THE YEAR WHEN WE TOUCHED...





AND POSTED...



₹ 1,426<sub>cr</sub>

Full Year Consolidated Revenues



₹ 800<sub>cr</sub>

Subscription Revenue



157%

Increase in Operating EBITDA y-o-y



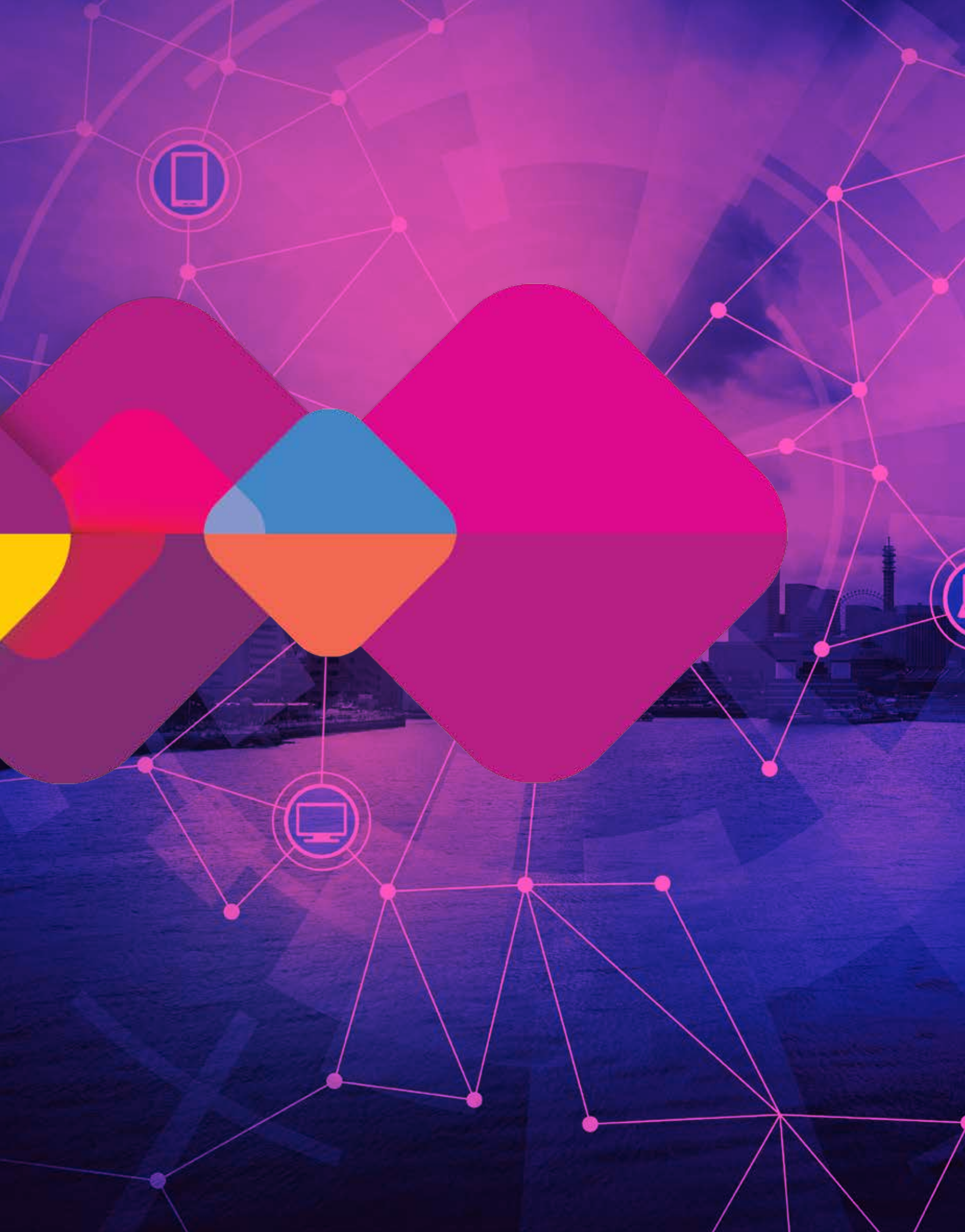
₹ 325<sub>cr</sub>

EBITDA



₹ 151<sub>cr</sub>

Operating EBITDA







# UNMATCHED SCALE. UNPRECEDENTED PACE.

WE LIVE IN A TRANSITIONAL WORLD, WHERE CHANGE IS DRIVEN BY RAPIDLY CHANGING CUSTOMER PREFERENCES AND AN EVOLVING TECHNOLOGY ECO-SYSTEM. IN THIS BRAVE NEW WORLD, SITI HAS EMABARKED ON A FAST-PACED TRANSFORMATIONAL JOURNEY.



## TRANSFORMING BUSINESS TO BOOST PROFITABLE GROWTH

**Exceptional numbers tell the story of SITI Network's rise as India's largest and leading MSO.**

Our narrative of success, however, is not scripted by numbers alone. It is the story of an agile and responsive entity with its finger firmly on the pulse of the consumers, who are constantly in search of bespoke offerings to satiate their requirement for information and entertainment.

At SITI, we are continuously transforming our business to deliver to the evolving aspirations of an ever-changing and expanding customer base. A strong focus on strengthening our systems and processes is facilitating our profitable growth strategy, as we move proactively to expand our presence further and more deeply across the length and breadth of the country. We are sourcing the best-in-class talent, which we draw from customer-facing sectors, to drive our transformational initiatives.

### ENABLING FUTURE-READY GROWTH

Led by our core values, that are driving a high-performance culture across the organisation, we are continually engaged in building a SITI ready for the future.

A robust and scalable distribution model ensuring doorstep reach of our growing portfolio of products across our CATV and Broadband business segments. SAP software and solutions are deployed to ensure the best-in-class offerings, with a robust Subscriber Management System (SMS) to streamline content delivery. We have in place well-structured processes for capex approval, while regular meetings are held to ensure proper control over the functioning of our subsidiaries.

With new and diversified packages, technological advancements, more efficient systems and processes, and server additions, we have scaled our business model further during FY 2017-18 to engage more effectively with our consumers, thereby creating a robust eco-system for continued growth for years to come.

### TRANSFORMING OUR VIDEO BUSINESS

Our Video service proposition is centred on high level of digital quality, enabled through the use of the latest MPEG4 STBs, with 15 state-of-the-art digital head-ends to ensure uninterrupted signals on 1.2 Gbps links across the country. 24X7 personalised

service through customised call centre further lends a strong competitive edge to our service network.

Our strategic initiatives have led to impressive growth in our ARPUs, with the Phase IV ARPU increase at 140% during FY18, taking our DAS 4 subscriber universe to 4.4 million. ARPU in Phase III also grew significantly by 43% year-on-year, while ARPUs in Phase I and II markets recorded an incremental uptick.

### AUGMENTING THE LCO CONNECT

We remain focussed on strengthening our ground connect, with ~ 24,000 LCO partners to help power our profitable growth strategy.

We have empowered our LCO partners, who lend us a strategic edge with their proximity to the homes and hearts of our customers, by providing them with access to our systems through our in-house portals. We have taken several initiatives to improve the Subscriber Management System (SMS) through OYC (Own Your Customer) module, besides development of Standard Operating Procedures (SOPs), to strengthen our customer service. This has translated into increased consumer stickiness, leading to higher profitability.

A disciplined partnership approach, coupled with the inculcation of a strong disciplinary focus among our LCOs, has further transformed our service proposition. We also have in place uniform commercial policies that have enabled our emergence as a long-term stable and preferred partners for LCOs.

### OUR BROADBAND TRANSFORMATIONAL AGENDA

In the Broadband segment, our High Speed Internet service, backed by high levels of safety and security, has carved for us a niche strength to propel our growth strategy. We deploy next-generation technology that enables high speed access up to 100 Mbps through a robust optical fibre cable network with high bandwidth capability.



11.5mn

Digital Video Customers



24,000+

Business Partners

Our innovation-led business model is structured to provide Cable Broadband service through a strong Hybrid (DOCSIS 2/3 & GPON) Network.

Our base contribution of lock-in plans in Broadband have registered at 37% as of March 31, 2018. Our Broadband operations, with a footprint of 16.8 lakh homes, now have a base of 2.5 lakh customers.





EXCEPTIONAL  
OFFERINGS.

EXTRAORDINARY  
EXPERIENCES.

IT IS A NEW BUSINESS ENVIRONMENT WHERE THE ASPIRATIONAL DESIRES OF CONSUMERS ARE INSPIRING ORGANISATIONS TO TRANSFORM MORE QUICKLY THAN EVER BEFORE. WE, AT SITI, ARE INTEGRATING OURSELVES EXPEDITIOUSLY INTO THIS NEW ENVIRONMENT TO MAKE OUR GROWTH MORE SUSTAINABLE AND FUTURE PROOF.





ENHANCING CUSTOMER EXPERIENCE  
TO PROPEL PROFITABLE GROWTH

# ZINDAGI<sup>KA</sup> NETWORK

“FROM INFOTAINMENT TO MEMORIES.  
PROUDLY SERVICING 55MN CONSUMERS.”



## Our varied and rich content offerings, and our strong service edge, constitute a powerful transformational charter designed to continuously enrich the lives of our ~55 million strong base of consumers.

**As a technology-driven organisation with customer experience at heart, we are perpetually looking at expanding our value proposition to encompass more and better offerings, coupled with enhanced service.**

Central to our profitable growth strategy is our sustained focus on maximizing our customers' ease of access to offerings, at every step of their engagement with SITI. We remain committed to delivering the best of Video and Broadband experience to them through enhanced offerings, content variety and uninterrupted service.

### OUR EXPERIENTIAL EDGE

At the core of our experiential customer edge is the unmatched quality of our products and services, which combine to deliver exceptional level of engagement to our expanding universe of consumers.

While our TV audiences enjoy a wide variety of channels, our focus in Broadband remains on delivering more affordable packages and plans. Uninterrupted service, faster delivery and quicker complaint resolution are some of the other features that augment our customer experience across the segments of our business.

### DELIVERING MORE, DELIVERING BETTER

In our Video business, we are continuously working to provide our LCOs with faster fault repair service, content continuity, and better quality of signal to ensure the best and uninterrupted viewing experience for the end customers.

From our Wired Technology consumers get the distinct advantage of exceptional signal quality, with sharper images on two TV sets at the same time. With signal connectivity in Wired Technology remaining unaffected by weather conditions, they also get non-stop service at all times.

Varied channels enable more value for money, while personalised and prompt

service, strengthens our customer interface to make it more compelling.

Regionalisation plays a pivotal role in enhancing our customer experience, and we have a strong bouquet of regional and local channels, delivering specialised content to further strengthen the SITI connect. With Broadband we have augmented our customer experience proposition manifold. We are also looking at the introduction of hybrid STBs, along with different models in Broadband, to enable the consumption of non-linear content by our customers.

Endorsing the success of our customer-centric proposition is the progressive expansion we are witnessing in our cable universe. During FY18, we reported industry-leading subscriber addition of 3.1 million to propel subscription revenue to new highs, leading to exceptional EBITDA growth. Our efforts for prepaid transformation in select states continued, with 1.26 million subscribers already brought into this portfolio.

### CONSOLIDATING OUR BROADBAND CONNECT

With economical and affordable packages, we offer a variety structured to suit the internet browsing needs of our diverse customer base. While our advanced rental plans are designed to ensure customer stickiness, our digital online proposition – My Broadband, keeps them connected with the world at all times.

The expansion of our Broadband subscriber base has validated the success of our transformational efforts across this business segment. During FY18, we established our Broadband presence in the new cities of Nagpur, Hissar, Karnal and Rohtak.

With the total of 1.68 million homes passed, our Broadband operations continue to remain in the stable zone. We expect the momentum to pick up in this business, going forward, as we bring new agility and vigour into it through by redrawing our strategy for the future.



We are working with a leading consultancy firm for outsourcing IT & Network services (MSP) for superior customer experience.



Our High Definition (HD) channels are a value-addition that is emerging as a critical enabler of our profitable growth plans. During the year, we added 36,000 HD subscribers to take our HD base to 3.15 lakhs.

# IMBIBING EFFICIENCIES. INSTILLING RESPONSIBILITY.

WHAT WE SEE TODAY IS A BUSINESS MILIEU WHERE THE FITTEST ARE THE BEST EQUIPPED TO SURVIVE, AND PROGRESS. IT IS A SYSTEMIC CHANGE PHILOSOPHY WHICH SITI IS VIGOROUSLY PURSUING IN THE INTEREST OF LONG-TERM AND SUSTAINABLE BUSINESS GROWTH.





## GROWING RESPONSIBLY GROWING PROFITABLY

**At the core of our profitable growth strategy lies our thrust on responsible and judicious expansion, striking a balance between strong Revenue growth on the one hand and expanding margins and EBITDA on the other.**

The focus at SITI is on achieving more from less, with a lean and agile culture imbued across the organisational fabric. From building cost efficiencies, harnessing Operational leverage and boosting collection efficiencies, we remain committed to ensuring that we grow as a responsible corporate centred on delivering consistently high value to our stakeholders. Our digitisation efforts are also aligned to building a lean and profitable organisation.

These efforts translated into significant customer additions and exceptional subscription growth leading to remarkable improvement in monetisation, especially in Phase III and IV, during FY18. They have helped us build a platform from which we can accelerate growth going forward.

### MANAGING REVENUES

With content a critical facet of our customer-centric business proposition, managing the content cost has emerged as a key focus area for us. In our endeavour to rationalise content cost, we have signed reference interconnect offer (RIO) deals with a few broadcasters. With our competitive industry advantage, we expect to be able to negotiate better rates with some of the key broadcasters to enable an moderation in the content cost growth in the coming quarters. Other key factors that contributed to our profitable growth during FY18 were improvement in carriage revenue, ARPU enhancement across phases, and increase in HD Subscriber base.



While 41% increase in our subscription revenue (which went up to ₹ 800 Crores) underlined the strength of our revenue management strategy, expenses were controlled during the year with our focussed initiatives on boosting efficiencies, leading to exceptional growth in operating EBITDA, which rose to ₹ 151 Crores, while EBITDA margin expanded from 5.7% to 12%.



SITI Broadband has successfully converted about 37% of DOCSIS base to advanced rental plans.

### BOOSTING EFFICIENCIES

With our thrust on augmenting the efficiencies of our business across the value chain, we have undertaken major process optimisation and cost control initiatives, which are primarily driven by a lean, agile and focussed team. During FY18, we strengthened our focus on boosting our operational efficiencies to improve margins, while, at the same time, we made vigorous efforts to improve extraction from low utilised IP-based locations, while exiting the non-profitable ones.

The positive results were manifest across a key range of parameters, the most significant of them being the over 95% collection efficiency achieved during the year at the back of the propagation of the prepaid model in the Video business.

### SETTING NEW BENCHMARKS

Productivity and disciplined execution have, thus, emerged as a key focus area as we surge towards the realisation of our long-term transformational goals. We see the impending implementation of the New Tariff Order, which will give our customers the Right to Choose as positive for the sector and realigning the existing value chain. The background work to prepare us for the TRAI Tariff Order is going on full steam, which will give us a definite edge in the process of its implementation. The upselling of Broadband, HD, OTT and

Video to customers is another factor that we see propelling our profitable growth strategy further in the coming quarters.

Going forward, we shall focus even more aggressively on improving the utilisation levels and sweating our existing assets, while further improving monetisation through realignment of distributor policy and closer engagement with Business Associates. We are also looking closely at better and centralised inventory controls, besides identifying unsustainable locations running on IP Bandwidth with the objective of phasing them out. We also aim to focus more aggressively on high definition (HD) penetration, broadband expansion, and improving monetisation in digital addressable system (DAS) Phase III and IV areas.



2.6 times

YoY growth in Operating EBITDA



2.1 times

YoY growth in Operating EBITDA margin

# BOARD OF DIRECTORS

## 1 Brijendra K. Syngal Independent Director

Mr. Syngal is regarded as the father of Internet and data services in India, which propelled the growth of software exports from India. He was responsible for executing a GDR issue of USD 527 million at VSNL, the largest GDR issue out of India to be listed on the London Stock Exchange and third largest issue out of Asia. In the international telecom arena, he has held the positions of Chairman, Commonwealth Telecommunications Organisation (CTO) London, and Councillor for India INMARSAT Council, London, Vice Chairman and Director, ICO Boards, Chairman of Governance Committee ICO, Cayman Islands and Governor, INTELSAT Board, Washington DC. He is the recipient of many industry awards including 'Telecom Man of the Decade' Award by Wisitex Foundation, India Partners in Progress Award by Maharashtra State Government for his contribution in telecommunications both in India and Abroad. Mr. Syngal was one of the fifty Stars of Asia, chosen by Business Week magazine for the year 1998.

## 2 Vinod Kumar Bakshi Independent Director

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

## 3 Kavita Kapahi Independent Director

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

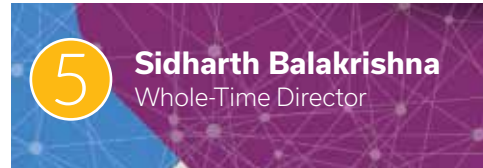


Prof. Maheshwari is a Professor in Human Resource Management Area at the Indian Institute of Management, Ahmedabad. Prof. Sunil Kumar Maheshwari has served on boards of many organisations including UCO Bank and Andhra Bank.

He is an Alumni of IIT Delhi and IIM Ahmedabad, worked with BHEL and Indian Railways (IRPS Cadre) before getting into academics in 1998. He worked as Advisor to Minister of HRD from Jan 2009 to Jan 2013.

His research, consulting and teaching interests are in strategic human resource management, international human resource management and business turnaround. His book titled "Turnaround Excellence," published by Penguin Books India, has been among the business best sellers. The book is based on a study of six turnaround cases.

He has widely published in both national and international journals of high repute. He has written more than 30 cases. He has been a consultant to many large national and international organisations. He has received many awards for excellence in his career.



Mr. Sidharth Balakrishna holds an MBA from IIM Calcutta and an Economics degree from the Shri Ram College of Commerce (SRCC), Delhi University. He has over 13 years of experience in the energy, infrastructure and education sectors.

In the past, he has led strategy and headed projects including in the fields of oil & gas, renewable energy, education, water and vocational training. Mr. Balakrishna has also been a Strategy Consultant with Accenture and KPMG. Some of the projects that he has led have been awarded nationally and internationally.

Mr. Balakrishna also has considerable academic experience and has written five books published by Pearson, the world's largest publishing house, and Tata McGraw Hill. He is a Visiting Faculty at a number of management institutes in India. He has presented at a number of international fora in the past including at London, Muscat, Dubai, Myanmar, Mozambique, Kuwait, New Delhi, Goa, Mumbai etc. He is a columnist with the Economic Times and other reputed publications.



# MANAGEMENT TEAM



**1 Alok Govil**  
Chief Operating Officer



**2 Vikas Bajaj**  
Chief Operating Officer



**3 Sanjay Berry**  
Chief Financial Officer



**4 Mukesh Ghuriani**  
Chief Technology Officer



5

**Ganpat Singh Bhati**  
Vice President - Credit Control,  
SMS and Revenue Assurance



6

**Saurabh Datta**  
Head Marketing



7

**Suresh Kumar**  
Company Secretary and  
Compliance Officer

## FOLLOWING A VALUE-DRIVEN TRANSFORMATIONAL AGENDA



The transformation that we, at SITI, have unleashed across our business portfolio is led by a strong core of our seven values.

We have aligned our profitable growth agenda to these values, which we have adopted as a way of life within the SITI network, and with which we are also constantly striving to align our employees, partners and other stakeholders.

While individually, each of these values lends a distinctive edge to us, collectively, we believe that these 'values make us extraordinary together.'



# THE VALUES THAT MAKE US EXTRAORDINARY TOGETHER

## OUR CORE VALUES

**Customer First:** To anticipate, understand and meet the needs of internal/external customers, ensuring high level of service delivery keeping in mind the customer first principle.

**Go for Big Hairy Audacious Goals:** To set for ourselves clear, compelling and audacious goals. Transcending the fear of failure, criticism and ambiguity in an effort to set and achieve a bigger targets.

**Be Frugal:** Focussing on need-based resource utilisation and to do more with less, while simultaneously working on continuous improvement and on-time delivery.

**Respect, Humility & Integrity:** To respect and honour each individual's unique talent, life choices & work styles. To be fair, humble, honest, transparent and ethical in conduct.

**Speed & Agility:** To continue to deliver on responsibilities while anticipating and responding to the evolving environment.

**Solve Big Problems:** Identify and resolve problems which have a high impact on business by providing innovative solutions and ensuring implementation with excellent execution.

**Accountability for Results:** Take ownership for decisions/actions for self and team, ensuring timely delivery of commitment made with high quality results.





## ALIGNING PEOPLE TO PROFITABLE GROWTH



Cognizant of the importance of human resources to achieving our profitable growth goal and realising our vision to be an industry leader and service provider of choice, we enhanced up our efforts to nurture our people talent further during the year.



We launched the Performance Management System FY 2017-18, with value assessment for annual appraisal for both the on-roll and off-roll employees.

A key facet of this was the intensive training held across India, covering both on-roll and off-roll employees, to on-board them into our new value system. Pocket Cards, Communication Mailers, Value Month etc. were some of the initiatives taken during the year to sensitize employee to the core values of the Company.

We also strengthened our Employee Development Initiatives during the year through various programmes, aimed at various levels of employees. A Blue Ocean and Design Thinking workshop was held to empower the senior leadership to think out-of-the-box and be innovative in thought and in behaviour. Stress



During FY 2017-18, we dedicated a whole month to celebrating and recognising employees on Values through a series of recognitions, games and activities.

management and positivity sessions further helped employees handle the pressure of the fast-paced environment in which they are required to work and deliver.

We believe our employees to be central to our growth philosophy and have in place a well-developed HR model that is based on caring for the people who work in making SITI the **"Zindagi ka Network"**. We provide a healthy work-life balance to our employees, giving as much importance to celebration of life as to their performance. Occasions like employee birthdays, festivals, and values are all celebrated with passion and vigour.



A notable feature of SAMWAD during FY 2017-18 was the participation of the Chief Patron in a face-to-face conversation with employees.

### **SAMWAD: BUILDING EFFICIENCY THROUGH ENGAGEMENT**

At SITI, we believe in having a healthy engagement with our employees. Our SAMWAD philosophy captures the essence of this belief, and encompasses conversation, interlocution, news, information, message and dialogue. In spirit, SAMWAD is about two-way communication to arrive at a shared vision towards managing ourselves. We encourage flow of lateral and vertical communication at least twice a year, thereby facilitating the creation of a great workplace and better work culture.

## TRANSFORMING SOCIETY



The process of transformation at SITI is all-inclusive and holistic, covering not just the systems, processes and people in the organisation but also the environment and the society. For us, profitable growth is as much about sustainable and responsible growth as it is about positive performance.



Our business ethos thus encompasses the bigger portfolio of multiple stakeholders, whom we remain committed to empower. It is our constant endeavour to reach out to those members of the society who generally remain outside the ambit of profitable business growth. Our business goals are structured to balance quantitative and qualitative progress, with social inclusion a key aspect of our ethos.

We undertake socially and environmentally relevant activities through the year, partnering with the government, various NGOs and other relevant stakeholders to promote holistic development. Plantation drives and fundraisers are some of the activities that we undertake on a regular basis.

This culture of inclusive growth is imbued through the organisation and we make constant and focussed efforts to inspire and motivate our employees into volunteering for social development work for the benefit of self, the organisation and the society at large.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### B.K. Syngal

Independent Director

### Vinod Kumar Bakshi

Independent Director

### Kavita Kapahi

Independent Director

### Professor Sunil Kumar Maheshwari

Independent Director

### Sidharth Balakrishna

Whole-Time Director

## SENIOR MANAGEMENT

### Alok Govil

Chief Operating Officer

### Vikas Bajaj

Chief Operating Officer

### Sanjay Berry

Chief Financial Officer

### Mukesh Ghuriani

Chief Technology Officer

### Ganpat Singh Bhati

Vice President – Credit Control,  
SMS and Revenue Assurance

### Saurabh Datta

Head - Marketing

### Suresh Kumar

Company Secretary and Compliance Officer

## INVESTOR RELATIONS

### Ankit Saint

Phone No- 0120-4526754

Email: [ankit.saint@siti.esselgroup.com](mailto:ankit.saint@siti.esselgroup.com)

## STATUTORY AUDITORS

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

## BANKERS

IDBI Bank Limited,  
Axis Bank Limited,  
HDFC Limited,  
Kotak Mahindra Bank Limited,  
Standard Chartered Bank,  
RBL Bank Limited,  
IndusInd Bank Limited,  
Aditya Birla Finance Limited,  
ICICI Bank Limited

## REGISTERED ADDRESS

Unit No. 38, 1<sup>st</sup> Floor, A Wing,  
Madhu Industrial Estate,  
Pandurang Budhkar Marg, Worli,  
Mumbai-400013,  
Phone No: +91-(022) 43605555  
Email: [csandlegal@siti.esselgroup.com](mailto:csandlegal@siti.esselgroup.com)

## CORPORATE OFFICE

FC- 19 & 20, Upper Ground Floor, Sector – 16A,  
Film City, Noida-201301,  
Phone No: +91- (0120) 4526707  
Email: [csandlegal@siti.esselgroup.com](mailto:csandlegal@siti.esselgroup.com)

# 02



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## NOTICE

Notice is hereby given that the 12<sup>th</sup> Annual General Meeting (AGM) of the Equity Shareholders of SITI Networks Limited (formerly known as 'SITI Cable Network Limited') will be held at The Orchid, 70-C, Nehru Road, Near Mumbai Domestic Airport, Vile Parle (E), Mumbai, Maharashtra - 400099 on Tuesday the 25<sup>th</sup> day of September, 2018 at 3:00 p.m. to transact the following business:-

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company prepared as per Indian Accounting Standards (Ind-AS), on a standalone and consolidated basis, for the financial year ended March 31, 2018 including the Balance Sheet as at March 31, 2018, the Statement of Profit & Loss for the financial year ended on that date and the Reports of the Auditors and Directors thereon.

### SPECIAL BUSINESS:

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

**"RESOLVED THAT** pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 ('Act') and the rules made thereunder read with Schedule IV of the Act, Ms. Kavita Kapahi (DIN 02330706) who, consequent upon expiry of her first term of appointment as an Independent Director and upon recommendations of the Nomination & Remuneration Committee, was appointed as an Additional Director of the Company by the Board of Directors with effect from April 1, 2018 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 re-appointment for the second term, be and is hereby re-appointed for the second term as an Independent Director of the Company, not liable to retire by rotation, for the period of three years from April 1, 2018 until March 31, 2021."

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

**"RESOLVED THAT** pursuant to Section 149, 152 and other applicable provisions of Companies Act 2013 ('Act') and the rules made thereunder read with Schedule IV of the Act, Prof. Sunil Kumar Maheshwari (DIN 02317160) who, upon recommendations of the Nomination & Remuneration Committee, was appointed as an Additional Director of the Company by the Board of Directors with effect from November 3, 2017 and who holds office up to the date of this Annual General Meeting in terms of Section 161(1) of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act

proposing his candidature to 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 of three years from November 3, 2017 until November 2, 2020."

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 Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s Jitender, Navneet and Co., Cost Accountants (having Firm Registration No. 000119), appointed by the Board of Directors of the Company as Cost Auditors to conduct audit of the cost records of the Company for the financial year 2017-18, be paid remuneration of ₹ 1,15,000 (Rupees One Lakh Fifteen Thousand Only) with addition of applicable taxes and reimbursement of out of pocket expenses."

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

**"RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s Jitender, Navneet and Co., Cost Accountants (having Firm Registration No. 000119), appointed by the Board of Directors of the Company as Cost Auditors to conduct audit of the cost records of the Company for the financial year 2018-19, be paid remuneration of ₹ 1,15,000 (Rupees One Lakh Fifteen Thousand Only) with addition of applicable taxes and reimbursement of out of pocket expenses."

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

Gurugram, May 17, 2018

Suresh Kumar  
Company Secretary

### Registered Office:

Unit No. 38, 1<sup>st</sup> Floor, A Wing, Madhu Industrial Estate,  
Pandurang Budhkar Marg,  
Worli, Mumbai-400013  
CIN: L64200MH2006PLC160733  
Email: [csandlegal@siti.esselgroup.com](mailto:csandlegal@siti.esselgroup.com)

### 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 a 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 10% of the Total Equity Share Capital of the Company. Any member holding more than 10% of the Total Equity Share Capital of the Company may appoint a single person as proxy and in such a case, the said person shall not act as proxy for any other person or member. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. Corporate Members intending to send their authorised representative to attend the meeting are requested to send (in advance) at the Registered Office of the Company, a duly certified copy of the relevant Board Resolution/Letter of Authority/Power of Attorney, together with the respective specimen signatures of those representative(s), pursuant to Section 113 of the Companies Act, 2013, authorizing their representative(s) to attend and vote on their behalf at the Annual General Meeting.
  3. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Annual General Meeting is annexed.
  4. The Attendance Slip and a Proxy Form with clear instructions for filing, stamping, signing and/or depositing the Proxy Form are enclosed. Members/Proxy holder must bring the attendance slip (attached herewith) duly signed, to the meeting and handover it at the entrance of the meeting hall. The members are informed that 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.
  5. Route map and details of prominent land mark of the venue of the meeting is provided on the Attendance slip and forms part of the Notice calling the Annual General Meeting.
  6. The details as required under Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 ("Listing Regulations"), in respect of Directors seeking appointment/re-appointment at the Annual General Meeting forms integral part of this Notice. The requisite declarations have been received from the Directors seeking appointment/re-appointment.
- In connection with the proposed appointment/re-appointment of Ms.Kavita Kapahi as Independent Director for second term and of Prof. Sunil Kumar Maheshwari as Independent Director for first term, the Board of Directors have reviewed the declarations submitted by these Independent Directors confirming that they continue to meet the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013 and Listing Regulations and the Board is of the opinion that Ms.Kavita Kapahi and Prof. Sunil Kumar Maheshwari fulfil the conditions specified in the Act and rules made thereunder including Listing Regulations and are independent of the Management of the Company.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 21<sup>st</sup> day of September, 2018 to Monday, the 24<sup>th</sup> day of September, 2018 (both days inclusive).
  8. Members who wish to obtain information on Financial Statements for the Financial year ended March 31, 2018 and operations of the Company, if any, may send their queries at least seven days in advance of the Annual General Meeting to the Company Secretary at the registered office of the Company or at e-mail id [csandlegal@siti.esselgroup.com](mailto:csandlegal@siti.esselgroup.com)
  9. Electronic Copy of the Annual Report for 2017-18 is being sent to all the members whose e-mail IDs are registered with the Company / Depository Participant(s) for communication. For members who have not registered their email address, physical copies of the Annual Report for 2017-18 is being sent. The Annual Report may also be accessed on the Company's website [www.sitinetworks.com](http://www.sitinetworks.com)
  10. Relevant documents referred to in the accompanying Notice and Annual Report will be available for inspection by the Members at the Registered Office of the Company on all working days (except Saturdays, Sundays and Public Holidays) from 2:00 p.m. to 4:00 p.m. up to the date of the Annual General Meeting.
  11. The members are requested to notify immediately about any change in their address/e-mail address / bank details to their Depository Participant (DP) in respect of their shareholding in demat mode and in respect of their physical shareholding to the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited at C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083. Shareholders holding Equity Shares of the Company in physical form may register their email address with the Registrar and Share Transfer agent of the Company to receive all communications by the Company including Annual Report and Notice of Meeting(s) by email, by sending appropriate communication on [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in).
  12. Members who hold shares in dematerialised form are requested to write their DP ID and Client ID number(s) and those who hold share(s) in physical form are requested to write their Folio Number(s) in the attendance slip for attending the Meeting to facilitate identification of membership at the Meeting.
  13. In all correspondences with the Company, members are requested to quote their account/folio numbers and in case their shares are held in the dematerialised form, they must quote their DP ID and Client ID No(s).
- E-Voting**
14. In compliance with Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as may be amended from time to time, Regulation 44 of the Listing Regulations and Secretarial Standard -2 issued by ICSI, the Company is pleased to provide members facility to exercise their right to vote at the 12<sup>th</sup>

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.

15. The remote E-Voting period for all items of business contained in this Notice shall commence from Friday, the 21<sup>st</sup> day of September, 2018 at 9.00 a.m. and will end on Monday, the 24<sup>th</sup> day of September, 2018 at 5.00 p.m. During this period Equity Shareholders of the Company holding shares either in physical form or in dematerialised form as on the cut-off date of Tuesday, the 18<sup>th</sup> day of September, 2018, 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.
16. The facility for voting by way of Ballot / Poll paper shall also be made available at the meeting venue and members as on cut-off date i.e. Tuesday, the 18<sup>th</sup> day of September, 2018 attending the meeting and who have not already cast their vote by remote E-voting shall be able to exercise their right to vote at the meeting.
17. 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.
18. The voting rights of members for remote e-voting prior to the meeting or by way of 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 Tuesday, the 18<sup>th</sup> day of September, 2018.
19. At the Annual General Meeting, the Chairman of the meeting shall after discussions on all the resolutions on which voting is to be held, allow voting by use of Ballot / Poll Paper by all those members who are present at the meeting but have not cast their votes by availing the remote E-Voting facility.
20. The Company has appointed Mr. Satish K. Shah (C. P No. 3142) as a Scrutiniser to scrutinise the E-Voting and Poll process in a fair and transparent manner and for conducting the scrutiny of the votes cast. The Scrutiniser shall, within a period not exceeding three (3) working days from the conclusion of the E-Voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutiniser's Report of the votes cast in favour or against, if any, and submit forthwith to the Chairman of AGM/Executive Director of the Company. The Results declared along with the Scrutiniser's report shall be placed on the website of the Company [www.sitinetworks.com](http://www.sitinetworks.com) and the website of the CDSL, besides communicating to the stock exchanges on which the shares of the Company are listed. The Resolutions, if approved, shall be deemed to be passed, on the date of Annual General Meeting.

21. The instructions and process for E-Voting are as under:
  - i. The voting period begins on Friday, the 21<sup>st</sup> day of September, 2018 at 9.00 a.m. and will end on Monday, the 24<sup>th</sup> day of September, 2018 at 5.00 p.m. During this period, Shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date Tuesday, the 18<sup>th</sup> day of September, 2018 may cast their vote electronically. The E-Voting module shall be disabled by CDSL for voting thereafter.
  - ii. The Shareholders should log on to the E-Voting website [www.evotingindia.com](http://www.evotingindia.com).
  - iii. Click on Shareholders/Members.
  - iv. Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - v. Next enter the Image Verification as displayed and Click on Login.
  - vi. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - vii. If you are a first time user follow the steps given below:

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

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**PAN** Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat Shareholders as well as physical Shareholders)

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- 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.
  - 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. e.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
-

**Dividend Bank Details OR Date of Birth (DOB)** 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.

If both the details are not recorded with the depository or Company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (iv).

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for E-Voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x. For members holding shares in physical form, the details can be used only for E-Voting on the resolutions contained in this Notice.
- xi. Click on the EVSN for the relevant SITI NETWORKS LIMITED on which you choose to vote.
- xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option 'YES' or 'NO' as desired. The option 'YES' implies that you assent to the Resolution and option 'NO' implies that you dissent to the Resolution.
- xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xvii. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

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

xix. **Note for Non - Individual Shareholders and Custodians**

- Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same.
- xx. In case you have any queries or issues regarding E-Voting, you may refer the Frequently Asked Questions ("FAQs") and E-Voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

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

### **Item No. 2**

At the 9<sup>th</sup> Annual General Meeting held on August 27, 2015, Shareholders of the Company had approved the appointment of Ms. Kavita Kapahi as an Independent Director of the Company not liable to retire by rotation for a period up to March 31, 2018. The Board of Directors of the Company, consequent upon expiry of first term of appointment of Ms. Kavita Kapahi as an Independent Director, and upon recommendation of the Nomination & Remuneration Committee and after reviewing confirmation of independence, has appointed her as an Additional Director of the Company with effect from April 1, 2018. Pursuant to Section 161(1) of the Companies Act 2013, Ms. Kavita Kapahi holds office till the date of this Annual General Meeting.



As per Section 149(10) of the Companies Act, 2013, an Independent Director shall be eligible for re-appointment for a second term of up to 5 years with the approval of Shareholders by passing a Special Resolution.

The Board of Directors, based on the performance evaluation and after reviewing confirmation of independence received, recommends re-appointment of Ms. Kavita Kapahi as an Independent Director for the second term of 3 years commencing April 1, 2018 until March 31, 2021. Appropriate notice has been received from a member proposing appointment of Ms. Kavita Kapahi as Independent Director of the Company and requisite consent has been received from the said Director pursuant to provisions of Section 152 of the Companies Act, 2013.

In the opinion of the Board, Ms. Kavita Kapahi who is proposed to be re-appointed for second term as an Independent Director of the Company fulfils the conditions specified under Section 149(6) and Schedule IV of the Companies Act, 2013 and is Independent of the management. Brief Profile and other details of Ms. Kavita Kapahi forms part of the Corporate Governance Report.

Your Board recommends the Special Resolution as set out in Item No. 2 of this Notice for your approval.

None of the Directors and/or Key Managerial Personnel of the Company or their relatives, except Ms. Kavita Kapahi (whose re-appointment is proposed in the resolution) is in any way concerned or interested in the resolution as set out in Item No. 2 of this Notice.

### **Item No. 3**

Based on the recommendation of Nomination & Remuneration Committee of the Board and after reviewing confirmation of independence received, the Board of Directors of the Company had appointed Prof. Sunil Kumar Maheshwari as an Additional Director of the Company, in the category of Independent Directors with effect from November 3, 2017. Pursuant to Section 161(1) of the Companies Act 2013, Prof. Sunil Kumar Maheshwari holds office till the date of this Annual General Meeting.

The Board of Directors, based on the performance evaluation and after reviewing confirmation of independence received, recommends re-appointment of Prof. Sunil Kumar Maheshwari as an Independent Director for a period of 3 years commencing November 3, 2017 until November 2, 2020. Appropriate notice has been received from a member proposing appointment of Prof. Sunil Kumar Maheshwari as an Independent Director of the Company and requisite consent has been received from the said

Director pursuant to provisions of Section 152 of the Companies Act, 2013.

In the opinion of the Board, Prof. Sunil Kumar Maheshwari who is proposed to be appointed as an Independent Director of the Company fulfils the conditions specified under Section 149(6) and Schedule IV of the Companies Act 2013 and is Independent of the management. Brief Profile and other details of Prof. Sunil Kumar Maheshwari forms part of the Corporate Governance Report.

Your Board recommends the Ordinary resolution as set out in Item No. 3 of this Notice for your approval.

None of the Directors and/or Key Managerial Personnel of the Company or their relatives, except Prof. Sunil Kumar Maheshwari (whose appointment is proposed in the resolution) is in any way concerned or interested in the resolution as set out in Item No. 3 of this Notice.

### **Item No. 4 & 5**

The Board of Directors of the Company at its meeting held on September 26, 2017 and May 17, 2018 had, after reviewing confirmation received and based on the recommendations of the Audit Committee, approved appointment of M/s Jitender, Navneet and Co., Cost Accountants (Firm Registration No. 000119), as Cost Auditor to audit the cost records of the Company for financial years 2017-18 and 2018-19, respectively, at the remuneration of ₹ 1,15,000/- (Rupees One Lakh Fifteen Thousand Only) with addition of applicable taxes and reimbursements of out of pocket expenses for each of the said financial years, subject however, to the approval of the Shareholders.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014, approval / ratification of Shareholders is being sought for payment of remuneration to the Cost Auditor for financial years 2017-18 and 2018-19.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested in passing of these resolutions.

Your Board recommends passing of the Ordinary Resolutions as set out in Item No. 4 & 5 of the Notice.

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

Suresh Kumar  
Company Secretary

Gurugram, May 17, 2018

# DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 12<sup>th</sup> Annual Report of the Company, together with the Audited Financial Statements for the financial year ended March 31, 2018 prepared as per Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 (Act).

## FINANCIAL HIGHLIGHTS

The financial performance of your Company for the year ended March 31, 2018 is summarised below:

| Particulars   | Standalone        |                   | Consolidated      |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 2017-18           | 2016-17           | 2017-18           | 2016-17           |
| Revenue from operations   | 8,378.08          | 7,736.79          | 14,104.01         | 11,949.16         |
| Other Income  | 107.8             | 162.79            | 159.73            | 258.85            |
| <b>Total Income</b>   | <b>8,485.88</b>   | <b>7,899.58</b>   | <b>14,263.74</b>  | <b>12,208.01</b>  |
| Total Expenses  | 7,391.24          | 6,989.23          | 11,018.54         | 9,921.07          |
| <b>EBIDTA</b>   | <b>1,094.64</b>   | <b>910.35</b>     | <b>3,245.20</b>   | <b>2,286.95</b>   |
| Less: Finance costs   | 1,273.46          | 1,210.12          | 1,395.49          | 1,274.47          |
| Less : Depreciation   | 1,830.15          | 1,345.24          | 3,261.70          | 2,411.82          |
| <b>Profit/(Loss) before share of profit/(loss) of associates and joint ventures, exceptional item and tax</b> | <b>(2,008.97)</b> | <b>(1,645.01)</b> | <b>(1,411.99)</b> | <b>(1,399.35)</b> |
| Share of profit/(loss) of associates and joint ventures   | 0                 | 0                 | (5.8)             | 2.04              |
| <b>Profit/(Loss) before exceptional item and tax</b>  | <b>(2,008.97)</b> | <b>(1,645.01)</b> | <b>(1,417.79)</b> | <b>(1,397.31)</b> |
| Exceptional items   | 46.8              | 202.36            | 163.41            | 202.36            |
| <b>Profit/(Loss) before tax &amp; exceptional items</b>   | <b>(2,055.77)</b> | <b>(1,847.37)</b> | <b>(1,581.20)</b> | <b>(1,599.67)</b> |
| Provision for taxation (net)  | 0                 | 2.58              | 117.77            | 192.64            |
| <b>Profit/(Loss) after tax &amp; exceptional items</b>  | <b>(2,055.77)</b> | <b>(1,849.95)</b> | <b>(1,698.97)</b> | <b>(1,792.31)</b> |
| Remeasurement of defined benefit liability  | 1.73              | (1.31)            | 3.91              | 2.25              |
| <b>Total comprehensive profit/(loss) for the period</b>   | <b>(2,054.04)</b> | <b>(1,851.26)</b> | <b>(1,695.06)</b> | <b>(1,790.06)</b> |

₹ in million

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

## BUSINESS OVERVIEW

Your Company started the year on a very strong note, adding 1.6 million digital cable customers in Q1 itself and made its intent clear on how aggressively it was going to approach the final round of digitisation. We ended up adding 2.5 million customers to the SITI family and maintained our preponderance as India's Leading MSO. The other focus area was to improve monetisation levels and we managed that to a great extent, improving our realisation in phase 3 & 4 areas by 14% and 72%, respectively. This cumulated in a strong subscription revenue of ₹ 7,997 million with a growth of 41% YoY. In Broadband, we ended up with 2.5 lakh customers and 16.8 lakh home passes as we grew in a more selective manner during the course of the year.

Simultaneously, your Company scrutinised various cost lines and instilled a frugal culture in the organisation coupled with a "war on waste". The Company rightsized a significant portion of the workforce and created joint teams for video and broadband, bringing in synergies and cost efficiencies. This allowed us to be leaner and respond in a more flexible manner to the changing industry and macro environment. We value our human resources immensely and initiated several inhouse training programs to keep them conversant with current trends and industry developments. In addition, we focused on seven core values that make us extraordinary together and comprise of the DNA of various Essel group entities. Our shared values allowed us to consistently execute in a disciplined manner and take the right calls in ambiguous situations. It is also expected to drive a competitive culture that gets the best out of our employees and delivers steady profitable growth.

Several office locations and IP points were consolidated to reduce general and administrative spends. The biggest difference, however, was made in content cost moderation as we took a strong stand against abnormal increases in the same in the best interests of our end consumers as well as business associates.

The combination of strong revenue growth coupled with moderation in expenses led to our operating EBITDA expanding 2.6x to ₹ 151

crores and operating margins doubling to 12% YoY. This was accompanied by a singular focus on collection efficiencies, in fact, your Company exited the year with an overall collection efficiency of 95% in Q4FY18.

Our finance expenses grew in part due to the stress in the banking sector because of which some of our LOUs had to be converted to term loans. Depreciation and amortisation expense also saw an increase due to robust seeding of STBs in FY18.

On the regulatory front, in a significant victory for customers, the tariff order was notified by TRAI. With this, the broadcasters need to declare their à la carte channel rates and pay TV/ Free-to-air channels within 60 days; b) Distributors need to declare network fees and retail prices within 180 days; c) Signing of interconnect agreements between broadcasters and distributors will happen within 150 days; and d) Migration of end customers to this new system will happen within 180 days. In summary, the tariff order is due for implementation latest by the January 3, 2019.

As an organisation, we are well prepared to implement it within the specified time frames and in fact, have already done beta testing on our systems and processes. We have upgraded our subscriber management system, servers and call center to respond effectively to the significantly higher volumes expected. We have started sensitizing and educating our business associates, distributors and end consumers on how things are going to change and the immense potential of this new regulation to alter things for the better, provide more bespoke choice and realign the value chain towards the bottom of the pyramid.

We continue to work with the Industry Regulator, TRAI and the Ministry of Information and Broadcasting to ensure a holistic and balanced growth of the sector in the best interests of the end consumer.

This year, your Company will further grow its Video subscriber base in a selective manner as we look to extend our leadership in certain key markets. This will be accompanied by a significant uptick of our current HD subscriber base, in line with our strategy to move the end consumer up the value chain. We will also be focusing on improving our monetisation levels further and upsell better value packs to our valuable customers.

In Broadband, your Company is looking to deepen its penetration levels in its existing markets to better utilize existing capital expenditure incurred. Going forward, we are also looking to arrive at an ideal business model that will allow us to grow profitably and sustainably in this segment, especially considering the disruptive pricing environment prevalent in mobile internet currently and the entry on new entities in wired broadband.

Content deals with most major broadcasters have been tied up to ensure permanence of content. Cost rationalisation initiatives will continue this year as well with focus on general, administrative, human resources and bandwidth costs as we look at each region on a standalone basis. We are looking at driving more synergies across our existing setup and better utilize our inherent systemic operational leverage.

Capital expenditure is expected to continue as we expand further and ensure that we grow our business in scale. We expect to fund

this primarily through internal accruals with minimal increases in debt levels.

Your Company is committed to further improve at the operating EBITDA level and by the end of this year, business would have matured into a steady state annuity model that will provide strong recurrent cash flows. We are committed to appreciate shareholder's wealth and we will ensure that the growth story continues this year as well.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134 of the Companies Act, 2013, in relation to Annual Financial Statements for the financial year 2017-18, your Directors hereby confirm that:

- i. the Financial Statements of the Company comprising of the Balance Sheet as at March 31, 2018 and the Statement of Profit & Loss for the year ended on that date, have been prepared on a going concern basis;
- ii. in preparation of these Financial Statements, the applicable accounting standards have been followed and there are no material departures;
- iii. accounting policies selected were applied consistently and the judgments and estimates related to the financial statements have been made on a prudent and reasonable basis, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit/loss of the Company for the year ended on that date;
- iv. proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act, to safeguard the assets of the Company and for preventing and detecting fraud and other irregularities;
- v. requisite internal financial controls were laid down and that such financial controls are adequate and operating effectively; and
- vi. proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

## **DIRECTORS & KEY MANAGERIAL PERSONNEL**

Your Board currently comprises of five (5) Directors including four (4) Independent Directors and one (1) Executive Director. Independent Directors provide declarations both at the time of appointment and annually confirming that they meet the criteria of Independence as prescribed under the Act and SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). During the financial year 2017-18 your Board met eight (8) times details of which are available in the Corporate Governance Report annexed to this report.

During the year under review, your Board had, based on recommendations of Nomination & Remuneration Committee, appointed Mr. Sidharth Balakrishna as an Additional Director in the category of Whole-Time Director for a period of three (3) years

with effect from July 14, 2017 and the same was approved by the Shareholders in 11<sup>th</sup> Annual General Meeting of the Company held on September 26, 2017.

At the 9<sup>th</sup> Annual General Meeting held on August 27, 2015, Ms. Kavita Kapahi was appointed as Independent Director to hold office up to March 31, 2018. Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board at its meeting held on January 24, 2018 appointed Ms. Kavita Kapahi as Additional Director with effect from April 1, 2018 and decided to place the proposal for re-appointment of Ms. Kavita Kapahi as an Independent Director for second term of 3 years commencing April 1, 2018 till March 31, 2021, for approval of the members at the ensuing Annual General Meeting.

The Board of Directors of the Company had, based on recommendations of Nomination & Remuneration Committee, approved appointment of Prof. Sunil Kumar Maheshwari as Additional Director in the category of Independent Director with effect from November 3, 2017. In terms of Section 161 of the Companies Act, 2013, Prof. Sunil Kumar Maheshwari shall hold office up to the date of the ensuing Annual General Meeting of the Company.

The Company has received separate notices under Section 160 from members signifying their intention to propose appointment/re-appointment of Ms. Kavita Kapahi and Prof. Sunil Kumar Maheshwari as mentioned in the preceding paragraphs. Accordingly, necessary resolutions are being placed for approval of the members at the 12<sup>th</sup> Annual General Meeting of the Company.

Further, Mr. Sanjay Berry, who had resigned from the office of Chief Financial Officer effective from the close of business on April 28, 2017, has been appointed as Chief Financial Officer of the Company with effect from September 1, 2017.

During the year under review, Mr. V. D. Wadhwa had resigned from the Office of Executive Director and Chief Executive Officer of the Company with effect from June 5, 2017. Mr. Sureshkumar Agarwal and Mr. Sandeep Khurana have resigned from the Office of Director of the Company with effect from October 26, 2017 and November 3, 2017, respectively. Mr. Rajesh Sethi has been re-designated as Chief Business Transformation Officer with effect from July 14, 2017.

In compliance with the requirements of Section 203 of the Companies Act, 2013, Mr. Sidharth Balakrishna, Whole-Time Director, Mr. Sanjay Berry, Chief Financial Officer and Mr. Suresh Kumar, Company Secretary of the Company are Key Managerial Personnel of the Company.

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 Section 149(6) read with Regulation 16 of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations 2015 (SEBI Listing Regulations).

## BOARD COMMITTEES

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

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

## BOARD EVALUATION

In a separate meeting of Independent Directors, performance of Non-Independent Directors and performance of the Board as a whole was evaluated and also assessed 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. The details of the evaluation process are set out in the Corporate Governance Report which forms part of this report.

## AUDITORS

### Statutory Auditors

Pursuant to Section 139 of the Companies Act, 2013 and the Rules made thereunder, the current Statutory Auditors of the Company, M/s Walker Chandiook & Co. LLP, Chartered Accountants, having Firm Registration No. 001076N/N500013, were appointed by the members at 9<sup>th</sup> Annual General Meeting of the Company to hold office until the conclusion of the 14<sup>th</sup> Annual General Meeting scheduled to be held in year 2020, subject to ratification at every Annual General Meeting. Pursuant to recent amendment to Section 139 of the Companies Act, 2013 effective May 7, 2018, ratification by the shareholders at every Annual General Meeting is no longer required and accordingly, the Notice of ensuing Annual General Meeting does not include the proposal for seeking shareholders' approval for ratification of Statutory Auditors appointment. The Company has received certificate of eligibility from M/s Walker Chandiook & LLP in accordance with the provisions of the Companies Act, 2013 read with rules thereunder.

During the year the Statutory Auditors had not reported any matter under Section 143(12) of the Act, and as such no detail is required to be furnished under Section 134(3) (ca) of the Act.

### Secretarial Auditors

M/s Amit Agrawal & Associates, Company Secretaries in Whole Time Practice, having Firm Registration No. I2001DE191600, were appointed as Secretarial Auditors of the Company for the financial year 2017-18 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 thereof.

The reports of Statutory Auditor and Secretarial Auditor forming part of this Annual Report do not contain any qualification, reservation or adverse remark(s).



### Cost Auditor

In Compliance with the requirements of Section 148 of the Companies Act, 2013, read with Companies (Cost Records and Audit) Rules, 2014, as amended, M/s Jitender, Navneet and Co., Cost Accountants, having Firm Registration No. 000119, was appointed to carry out Audit of the Cost Records of the Company during financial years 2017-18 & 2018-19. Requisite proposals seeking ratification of remuneration payable/paid to the Cost Auditor for financial years 2017-18 & 2018-19 by the Members as per Rule 14 of the Companies (Audit and Auditors) Rules, 2014, forms part of the Notice of ensuing Annual General Meeting.

### SUBSIDIARIES

During the financial year under review, there is no change in subsidiary companies of the Company. Accordingly, your Company continues to have 25 subsidiary companies. In addition to these subsidiary companies, your Company has incorporated on May 7, 2018, a wholly owned Limited Liability Partnership namely SITI Networks India LLP.

Your Company has prepared the consolidated financial statements in accordance with Section 129(3) of the Companies Act, 2013 read with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

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

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

### DEPOSITS

During the year under review, your Company has not accepted or invited any deposits as defined under Section 2(31) read with Chapter V of the Companies Act, 2013.

### DIVIDEND

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

### EMPLOYEE STOCK OPTION SCHEME

In pursuance of Employees Stock Option Scheme of the Company (SITI ESOP 2015), your Company had granted 4,663,500 no. of options to eligible employees on September 3, 2015. During the

year under review, neither any option was granted nor any grantee had exercised his vested option(s).

The applicable disclosures as stipulated under Regulation 14 of the Securities and Exchange of India (Share Based Employee Benefits) Regulations, 2014 with regard to SITI ESOP 2015 are available on website [www.sitinetworks.com](http://www.sitinetworks.com). The Statutory Auditors M/s Walker Chandiook & Co. LLP, Chartered Accountants have confirmed that the SITI ESOP 2015 has been implemented in accordance with SEBI Regulations and the resolution passed by the shareholders.

### RECEIPT AND UTILISATION OF PREFERENTIAL ISSUE OF SECURITIES

During the year under review, the Company has utilised, in accordance with the object of the issue, the unutilised amount as on March 31, 2017 amounting to ₹ 4,77.16 million out of 75% consideration, amounting to ₹ 1,500 million received on February 27, 2017, towards 57,142,857 Warrants allotted on preferential basis to promoter entity namely Arrow Media & Broadband Private Limited.

### SHARE CAPITAL

As on March 31, 2018, there is no change in Authorised Share Capital of the Company, which is ₹ 1,300 million comprising of 1,290,000,000 no. of Equity Shares of Re. 1/- each and 10,000,000 no. of Preference Shares of Re. 1/- each and the Paid-Up Share Capital of the Company is ₹ 872.69 million comprising 872,053,848 no. of Equity Shares of Re.1/- each and 23,436 no. of Preference Shares of Re. 1/- each and 1,227,123 forfeited Equity Shares of Re.1/- each, paid up Re.0.50/- per Equity Shares.

### REGISTERED OFFICE

During the year under review, pursuant to approval granted by the Board of Directors, the Registered office of the Company has been shifted from '4<sup>th</sup> Floor, Madhu Industrial Estate, P. B Marg, Worli, Mumbai - 400013' to 'Unit No. 38, 1<sup>st</sup> Floor, A Wing, Madhu Industrial Estate, P. B Marg, Worli, Mumbai - 400013' with effect from January 24, 2018.

### CORPORATE GOVERNANCE & POLICIES

Your Company is in compliance with the Corporate Governance requirements mentioned under SEBI Listing Regulations and applicable provisions of the Companies Act, 2013. In terms of Schedule V of the Listing Regulations, a detailed report on Corporate Governance together with the Compliance Certificate issued by Secretarial Auditor of the Company is attached to this Annual Report. Management's Discussion and Analysis Report as per Listing Regulations are presented as separate section forming part of the Annual Report.

In compliance with the requirements of Companies Act, 2013 and SEBI Listing Regulations, your Board has approved various Policies including Code of Conduct for Directors & Senior Management, Material Subsidiary Policy, Insider Trading Code, Document Preservation Policy, Material Event Determination and Disclosure Policy, Fair Disclosure Policy, Corporate Social Responsibility Policy, Whistle Blower and Vigil Mechanism Policy, Related Party Transaction Policy, Dividend Policy and Remuneration

Policy. All these policies and codes have been uploaded on Company's website [www.sitinetworks.com](http://www.sitinetworks.com). Additionally, Directors Familiarisation Programme and Terms and Conditions for appointment of Independent Directors can be viewed on Company's website [www.sitinetworks.com](http://www.sitinetworks.com).

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

### CORPORATE SOCIAL RESPONSIBILITY

The provisions of Section 135(5) of the Companies Act, 2013, which provides for spending in every financial year at least two percent of the average net profits of the Company made during the three immediately preceding financial years, is not applicable to the Company as the Company had incurred losses during the three immediately preceding financial years.

### DISCLOSURES

- i. **Loans, Guarantee or Investments Made by the Company:** Particulars of loans, guarantees and investments made by the Company required under Section 186(4) of the Companies Act, 2013 are contained in Note No. 6 to the Standalone Financial Statements and are not reproduced for the sake of brevity.
- ii. **Related Parties Transactions:** All contracts/arrangements/ transactions entered by the Company during the financial year with related parties were on arm's length basis, in the ordinary course of business and in compliance with the applicable provisions of the Companies Act, 2013 and Listing Regulations. During the financial year 2017-18, there are no materially significant Related Party Transactions by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons, if any, which may have a potential conflict with the interest of the Company at large.
- iii. **Extract of Annual Return:** The extract of annual return in MGT-9 as required under Section 92(3) of the Companies Act 2013, read with Companies (Management & Administration) Rules, 2014 is annexed to this report as Annexure -III and forms part thereof.
- iv. **Internal Financial Control systems and their adequacy:** Your Company has approved internal financial controls and policies/ procedures for orderly and efficient conduct of the business including safeguarding of assets, prevention and detection of frauds and errors, ensuring accuracy and completeness of the accounting records and the timely preparation of reliable financial information. The Audit Committee evaluates the internal financial control system periodically.

Your Company has adopted accounting policies which are in line with the Indian Accounting Standards (Ind-AS) notified under Section 133 of the Companies Act, 2013 read with

the Companies (Indian Accounting Standards) Rules, 2015. These are in accordance with Generally Accepted Accounting Principles in India.

- v. **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 behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.
- vi. **Sexual Harassment:** The Company has zero tolerance for Sexual Harassment at work place and has adopted a Policy on prevention of Sexual Harassment in line with the provisions of Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder.
 

During the year under review, one (1) complaint was received by the Company and was investigated in accordance with the procedure and resolved/action taken.
- vii. **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.

#### Conservation of Energy:

- |   |   |
|---|---|
| <ol style="list-style-type: none"> <li>i. The steps taken or impact or conservation of energy</li> <li>ii. The steps taken by the Company for utilizing alternate sources of energy</li> <li>iii. The capital investment on energy conservation equipments</li> </ol> | Your Company, being a service provider, has minimal energy consumption though every endeavour is made to ensure optimal use of energy, avoid wastages and conserve energy as far as possible. |
|---|---|

#### Technology Absorption:

- |  |   |
|--|---|
| <ol style="list-style-type: none"> <li>i. The efforts made towards technology absorption</li> <li>ii. The benefits derived like product improvement, cost reduction, product development or import substitution</li> <li>iii. 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> </ol> </li> </ol> | Your Company uses latest technology and equipment for distribution of Cable TV signals. However, since the Company is not engaged in any manufacturing activity, the information in connection with technology absorption is Nil. |
|--|---|

- b. the year of import;
  - c. whether the technology been fully absorbed
  - d. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof
- iv. The expenditure incurred on Research and Development

#### **Foreign Exchange Earnings and Outgo:**

During the year under review, your Company had foreign exchange earnings of ₹ 28.34 million and outgo of ₹ 2473.64 million.

#### **HUMAN RESOURCES**

Human Resources at SITI Networks Limited (SITI) are business partners playing an integral role in achieving the organisational goals. We are enabling seamless and resourceful execution of organisation strategy, making sure to contribute in every possible manner to make SITI truly "Zindagi ka Network". At SITI, people have always been our strongest assets. We focus on selecting the right talent - who fit into our culture and bring on board the right skill and attitude in sync with our organisational vision. This year SITI imbibed in itself the seven core values that make the organisation extraordinary together, stressing onto the importance of having a string work culture. Cross pollination is ensured through engaging professionals from different verticals and industries. Campus connect ensures inclusion of fresh talent from some of the best B Schools and Engineering colleges. Learning & Development is of vital importance to the organisation for growing people through

internal & external learning platforms. A strong performance management system allows for continuous feedback dialogue and a robust review mechanism. Human Resources continues to evolve & adapt best in people practices and processes to fully support business growth and ensure agility towards being a customer responsive business.

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 - IV which forms part of this report.

#### **ACKNOWLEDGEMENTS**

The Board of Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, various Governmental Authorities including Ministry of Information and Broadcasting, Telecom and Regulatory Authority of India, Stock Exchanges, Depositories and other stakeholders including local cable operators, viewers, broadcasters, vendors. The Board of Directors also wish to place on record its deep sense of appreciation for the committed services by the Company's employees at all level. The Directors look forward to their continued support.

For and on behalf of the Board  
**B.K. Syngal**                      **Vinod Kumar Bakshi**  
Independent Director      Independent Director

Gurugram, May 17, 2018

## ANNEXURE - I

### FORM NO. MR-3 SECRETARIAL AUDIT REPORT

for the financial year ended March 31, 2018

[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 Networks Limited  
(Formerly Known as SITI Cable Network Limited)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SITI Networks Limited (hereinafter referred to as "the Company") having its registered office at Unit No.38, 1<sup>st</sup> Floor, A Wing, Madhu Industrial Estate, P.B. Marg, Worli, Mumbai - 400 0013. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the SITI Networks Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018, 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 SITI Networks Limited for the financial year ended on March 31, 2018 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, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) \*The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client.
- (g) \*The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (h) \*The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

\*No event took place under these regulations during the audit period.

(vi) Other laws:

#### 1. Labour Laws:

(Central Act):

- a. ESI Act;
- b. EPF Act;

#### 2. Fiscal Laws:

- a. Income Tax Act and Rules and regulation made there under to the extent filing of the Return under the Act;
- b. Service Tax Act;
- c. Indian Stamp Act to the extent applicable to the issue of Securities under the Companies Act, 2013;
- d. Foreign Exchange management act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment



### 3. Industry Specific Laws:

- a. The Telecom Regulatory Authority of India Act, 1997 and Regulations made thereunder;
- b. The Cable Television Network (Regulation) Act, 1995 and rules framed thereunder;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with the National Stock Exchange Limited and BSE Limited in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Changes in the composition of the Board of Directors that took 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 while the dissenting members' views are captured and recorded as part of the 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.

We further report that the compliance by the Company of applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this Audit since the same have been subject to review by statutory financial audit by other designated professional.

We further report that during the audit period the Company has provide details of specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

For **Amit Agrawal & Associates**  
Company Secretaries

**CS Amit Agrawal**  
Proprietor

FCS No. 5311, CP No. 3647

Place: Delhi

Date: May 17, 2018

**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. <sup>1</sup> | Siti Vision Digital Media Pvt. Ltd. | Siti Bhatia Network Entertainment Pvt. Ltd. | Siti Maurya Cable Net Pvt. Ltd. <sup>2</sup> | Siti Jai Maa Durgee Communications Pvt. Ltd. | Siti Guntur Digital Network Pvt. Ltd. | Siti Krishna Digital Media Pvt. Ltd. | Siti Faction Digital Pvt. Ltd.  |
|------------------------|---------------------------------|---|-------------------------------------|---|--|--|---------------------------------------|--------------------------------------|---------------------------------|
| Reporting Period       | April 1, 2017<br>March 31, 2018 | April 1, 2017<br>March 31, 2018                         | April 1, 2017<br>March 31, 2018     | April 1, 2017<br>March 31, 2018             | April 1, 2017<br>March 31, 2018              | April 1, 2017<br>March 31, 2018              | April 1, 2017<br>March 31, 2018       | April 1, 2017<br>March 31, 2018      | April 1, 2017<br>March 31, 2018 |
| Reporting Currency     | ₹ in million                    | ₹ in million  | ₹ in million                        | ₹ in million                                | ₹ in million                                 | ₹ in million                                 | ₹ in million                          | ₹ in million                         | ₹ in million                    |
| Share Capital          | 864.01                          | 0.50  | 14.78                               | 0.20  | 90.28  | 0.10   | 0.10                                  | 0.10                                 | 0.10                            |
| Reserve & Surplus      | 3,040.86                        | 50.64   | (49.63)                             | (36.95)                                     | 148.41                                       | (72.53)                                      | 16.68                                 | 2.71                                 | (16.91)                         |
| Total Asset            | 8,368.18                        | 716.47  | 933.17                              | 107.42                                      | 802.71                                       | 20.21  | 81.37                                 | 28.21                                | 168.78                          |
| Total Liabilities      | 4,463.31                        | 665.34  | 968.03                              | 144.17                                      | 564.03                                       | 92.64  | 64.59                                 | 25.41                                | 185.60                          |
| Investments            | 117.90                          | 0.00  | 0.00                                | 8.42  | 0.00   | 0.00   | 0.00                                  | 0.00                                 | 0.00                            |
| Turnover               | 3,701.87                        | 479.79  | 558.26                              | 25.85                                       | 489.07                                       | 3.38   | 0.59                                  | 25.84                                | 11.38                           |
| Profit before taxation | 448.47                          | 14.94   | 119.32                              | 8.34  | 14.77  | (0.30)                                       | (1.64)                                | 0.26                                 | (4.61)                          |
| Provision for taxation | 109.69                          | 3.80  | (9.76)                              | 0.00  | (9.90)                                       | 0.00   | (0.09)                                | 0.00                                 | (0.72)                          |
| Profit after taxation  | 338.77                          | 11.14   | 129.08                              | 8.34  | 24.66  | (0.30)                                       | (1.55)                                | 0.26                                 | (3.88)                          |
| 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                                       | 50.10  | 51.00  | 74.00                                 | 51.00                                | 51.00                           |

<sup>1</sup>Subsidiary of Central Bombay Cable Network Limited

<sup>2</sup>Subsidiary of Indian Cable Net Company Limited

| Name of the Subsidiary | Siti Global Pvt. Ltd.           | Siti Siri Digital Network Pvt. Ltd. | Siti Karnal Digital Media Network Pvt. Ltd. | Siti Broadband Services Pvt. Ltd. | Siti Jind Digital Media Communications Pvt. Ltd. | Siti Jony Digital Cable Network Pvt. Ltd. | Central Bombay Cable Network Ltd. | Wire and Wireless Tisai Satellite Ltd. | Siticable Broadband South Ltd.  |
|------------------------|---------------------------------|-------------------------------------|---|-----------------------------------|--|---|-----------------------------------|--|---------------------------------|
| Reporting Period       | April 1, 2017<br>March 31, 2018 | April 1, 2017<br>March 31, 2018     | April 1, 2017<br>March 31, 2018             | April 1, 2017<br>March 31, 2018   | April 1, 2017<br>March 31, 2018                  | April 1, 2017<br>March 31, 2018           | April 1, 2017<br>March 31, 2018   | April 1, 2017<br>March 31, 2018        | April 1, 2017<br>March 31, 2018 |
| 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      | (6.91)                          | (62.99)                             | (23.45)                                     | (263.12)                          | (9.86)   | (1.22)                                    | (18.28)                           | (99.79)                                | (20.20)                         |
| Total Asset            | 63.62                           | 1,514.32                            | 189.81                                      | 396.58                            | 161.02   | 11.26                                     | 42.44                             | 3.36                                   | 87.21                           |
| Total Liabilities      | 70.43                           | 1,577.21                            | 213.16                                      | 659.61                            | 168.88   | 12.38                                     | 60.22                             | 102.65                                 | 105.08                          |
| Investments            | 0.00                            | 0.00                                | 0.00  | 0.00                              | 0.00   | 0.00                                      | 0.39                              | 0.00                                   | 3.50                            |
| Turnover               | 21.46                           | 688.63                              | 43.29                                       | 299.25                            | 77.25  | 3.12                                      | 0.00                              | 0.00                                   | 0.00                            |
| Profit before taxation | (0.12)                          | 5.44                                | (5.32)                                      | (224.70)                          | (4.04)   | (0.12)                                    | (1.69)                            | (0.92)                                 | (1.57)                          |
| Provision for taxation | (0.11)                          | 0.53                                | (2.39)                                      | 3.62                              | (2.97)   | 0.00                                      | 0.00                              | 0.00                                   | 0.00                            |
| Profit after taxation  | (0.01)                          | 4.91                                | (2.93)                                      | (228.31)                          | (1.08)   | (0.12)                                    | (1.69)                            | (0.92)                                 | (1.57)                          |
| 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                            | 57.50 <sup>3</sup>                               | 51.00                                     | 100.00                            | 51.00                                  | 100.00                          |

<sup>3</sup> Include 6.50% held by Siticable Broadband South Limited.

| Name of the Subsidiary | Indinet Service Private Limited <sup>4</sup> | Siti Prime Uttaranchal Communication Private Limited | Siti Sagar Digital Cable Network Private Limited | Siti Saistar Digital Media Private Limited | Siti Godaari Digital Services Private Limited | Variety Entertainment Private Limited | Axom Communications & Cable Private Limited <sup>5</sup> |
|------------------------|--|--|--|--|---|---------------------------------------|--|
| Reporting Period       | April 1, 2017<br>March 31, 2018              | April 1, 2017<br>March 31, 2018                      | April 1, 2017<br>March 31, 2018                  | April 1, 2017<br>March 31, 2018            | April 1, 2017<br>March 31, 2018               | April 1, 2017<br>March 31, 2018       | April 1, 2017<br>March 31, 2018                          |
| Reporting Currency     | ₹ in million                                 | ₹ in million   | ₹ in million                                     | ₹ in million                               | ₹ in million                                  | ₹ in million                          | ₹ in million   |
| Share Capital          | 0.10   | 0.20   | 0.10   | 0.10                                       | 0.10  | 0.10                                  | 2.50   |
| Reserve & Surplus      | (6.23)                                       | 19.06  | (3.07)   | (60.09)                                    | (4.99)  | (11.50)                               | 210.44   |
| Total Asset            | 186.42                                       | 163.99   | 73.29  | 578.18                                     | 144.98  | 562.03                                | 838.91   |
| Total Liabilities      | 192.54                                       | 144.73   | 76.26  | 638.17                                     | 149.87  | 573.43                                | 625.98   |

| Name of the Subsidiary        | Indinet Service Private Limited <sup>4</sup> | Siti Prime Uttaranchal Communication Private Limited | Siti Sagar Digital Cable Network Private Limited | Siti Saistar Digital Media Private Limited | Siti Godaari Digital Services Private Limited | Variety Entertainment Private Limited | Axom Communications & Cable Private Limited <sup>5</sup> |
|-------------------------------|--|--|--|--|---|---------------------------------------|--|
| <b>Investments</b>            | 0.00   | 0.00   | 0.00   | 0.00                                       | 0.00  | 46.66                                 | 0.00   |
| <b>Turnover</b>               | 730.07                                       | 81.56  | 19.15  | 143.87                                     | 10.41   | 32.40                                 | 407.61   |
| <b>Profit before taxation</b> | (9.21)                                       | 0.37   | 1.44   | (67.31)                                    | (6.03)  | 7.13                                  | 106.30   |
| <b>Provision for taxation</b> | (2.34)                                       | 0.00   | (0.43)   | 1.18                                       | 0.00  | 0.00                                  | 27.64  |
| <b>Profit after taxation</b>  | (6.87)                                       | 0.37   | 1.86   | (68.49)                                    | (6.03)  | 7.13                                  | 78.66  |
| <b>Proposed Dividend</b>      | 0.00   | 0.00   | 0.00   | 0.00                                       | 0.00  | 0.00                                  | 0.00   |
| <b>% of shareholding</b>      | 100.00                                       | 51.00  | 51.00  | 51.00                                      | 51.00   | 100.00                                | 50.00  |

<sup>4</sup>Wholly owned subsidiary of Indian Cable Net Company Limited

<sup>5</sup>Subsidiary of Indian Cable Net Company Limited

## PART "B" ASSOCIATES AND JOINT VENTURES

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

| Name of Associates/ Joint Ventures  | Siti Chhattisgarh Multimedia Private Limited   | Voice Snap Services Private Limited  | C&S Medianet Private Limited                         |
|---|--|--|--|
| Latest Audited Balance Sheet date   | # -  | May 16, 2018   | May 14, 2018   |
| Share of Associate/ Joint Ventures held by the Company on the year end    |  |  |  |
| • No.   | *123,000   | **6,667  | 4,800  |
| • Amount of Investment in Associates/ Joint Ventures (₹ in million)       | 1.23   | 0.05   | 0.05   |
| • Extend of Holding %   | *41%   | **35.26%   | 48%  |
| Description of How there is significant influence                         | Control of more than 20% of the Total Share Capital through its subsidiary SITI Bhatia Network Entertainment Private Limited                                 | Control of more than 20% of the Total Share Capital through its subsidiary company Variety Entertainment Private Limited | Control of more than 20% of the Total Share Capital. |
| Reason why the associate/ joint venture is not consolidated               | # There is complete deadlock in Board and the matter is pending before National Company Law Tribunal, Western Bench u/s 397 & 398 of the Companies Act, 1956 | -  | -  |
| Networth attributable to shareholding as per latest audited Balance Sheet | -  | -  | -  |
| Profit/ Loss for the Year   | -  | -  | -  |
| i. Considered in Consolidation (₹ in million)                             | (1.09)   | (4.38)   | (0.33)   |
| ii. Not Considered in Consolidation                                       | 0.00   | 0.00   | 0.00   |

\*Held through SITI Bhatia Network Entertainment Private Limited

\*\*Held through Variety Entertainment Private Limited

**ANNEXURE – III**
**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2018

[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**FORM NO. MGT-9**
**I. REGISTRATION AND OTHER DETAILS**

|  |   |
|--|---|
| CIN  | L64200MH2006PLC160733   |
| Registration Date  | March 24, 2006  |
| Name of the Company  | Siti Networks Limited<br>(Formerly known as Siti Cable Network Limited)   |
| Category / Sub-Category of the Company   | Company limited by shares<br>Indian Non-Government Company  |
| Address of the Registered Office and contact details                           | Unit- 38, 1st Floor, A Wing, Madhu Industrial Estate, Pandurang<br>Budhkar Marg, Worli, Mumbai 400013,<br>Ph No. +91-22-43605555                              |
| Whether listed company   | Yes   |
| Name, Address and contact details of Registrar & Transfer Agents (RTA), if any | C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai – 400 083<br>Tel. No. +91-22-49186000<br>Fax. No. +91-22-49186060<br>E-mail : rnt.helpdesk@linkintimes.com |

**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**
**A. Holding Companies**

Nil

**B. Subsidiary Companies (including step down subsidiary companies)**

| S. No | Name and Address of the Company   | % of Shares held   | Applicable Section |
|-------|---|--------------------|--------------------|
| 1     | Siti Vision Digital Media Private Limited<br>B-10, Lawrence Road, Industrial Area, New Delhi – 110035<br>U64201DL2006PTC149333                | 51.00              | 2(87)(ii)          |
| 2     | Siti Jind Digital Media Communications Private Limited<br>B-10, Lawrence Road, Industrial Area, New Delhi – 110035<br>U72200DL2010PTC210107   | 57.50 <sup>6</sup> | 2(87)(ii)          |
| 3     | Siti Jai Maa Durgee Communications Private Limited<br>B-10, Lawrence Road, Industrial Area, New Delhi – 110035<br>U64200DL2011PTC224429       | 51.00              | 2(87)(ii)          |
| 4     | Siti Bhatia Network Entertainment Private Limited<br>Near Bank of India, Dayalband, Bilaspur, Chhattisgarh - 495001.<br>U92100CT2010PTC021657 | 51.00              | 2(87)(ii)          |
| 5     | Siti Krishna Digital Media Private Limited<br>G-366, Preet Vihar, Delhi - 110092.<br>U74140DL2011PTC220702                                    | 51.00              | 2(87)(ii)          |
| 6     | Siti Guntur Digital Network Private Limited<br>B-10, Lawrence Road, Industrial Area, New Delhi - 110 035<br>U64204DL2012PTC240121             | 74.00              | 2(87)(ii)          |



| S. No | Name and Address of the Company   | % of Shares held | Applicable Section |
|-------|---|------------------|--------------------|
| 7     | Siti Jony Digital Cable Network Private Limited<br>B-10, Lawrence Road, Industrial Area, New Delhi - 110 035<br>U64204DL2012PTC242214   | 51.00            | 2(87)(ii)          |
| 8     | Siti Faction Digital Private Limited<br>B-10, Lawrence Road, Industrial Area, New Delhi - 110 035<br>U64200DL2012PTC244184  | 51.00            | 2(87)(ii)          |
| 9     | Siti Maurya Cable Net Private Limited <sup>7</sup><br>Plot No. XI-4, Block EP & GP, Sector - V, Electronics Complex, Salt Lake,<br>Kolkata Pargans North, West Bengal - 700091<br>U93000WB2012PTC184542 | 50.10            | 2(87)(ii)          |
| 10    | Master Channel Community Network Private Limited <sup>8</sup><br>Flat No: T4 & T5, 3rd Floor Vijaya Apartments, Mogulrajpuram, Vijayawada, Andhra<br>Pradesh 520010<br>U72200AP1994PTC017527            | 66.00            | 2(87)(ii)          |
| 11    | Siti Global Private Limited<br>B-10, Lawrence Road, Industrial Area, New Delhi - 110 035<br>U64200DL2014PTC264632   | 51.00            | 2(87)(ii)          |
| 12    | Wire and Wireless Tisai Satellite Limited<br>Madhu Industrial Estate, 4th Floor, Pandurang Budhkar Marg, Worli, Mumbai-400013<br>U72400MH2007PLC171233  | 51.00            | 2(87)(ii)          |
| 13    | Central Bombay Cable Network Limited<br>B-10, Lawrence Road, Industrial Area,<br>New Delhi - 110 035<br>U72100DL1999PLC102012   | 100.00           | 2(87)(ii)          |
| 14    | Siticable Broadband South Limited<br>United Mansions, 3rd Floor, No.39, M.G. Road, Bangalore,<br>Karnataka - 560001<br>U64202KA2001PLC028970  | 100.00           | 2(87)(ii)          |
| 15    | Siti Broadband Services Private Limited<br>B-10, Lawrence Road, Industrial Area, New Delhi - 110 035<br>U64100DL2014PTC267911   | 100.00           | 2(87)(ii)          |
| 16    | Indian Cable Net Company Limited<br>Plot No. XI-4, Block EP & GP, Sector - V, Electronics Complex, Salt Lake, Kolkata<br>Pargans North, West Bengal - 700091<br>U92132WB1995PLC075754                   | 60.02            | 2(87)(ii)          |
| 17    | Siti Karnal Digital Media Network Private Limited<br>B-10, Lawrence Road, Industrial Area, New Delhi - 110 035<br>U64200DL2014PTC269230   | 51.00            | 2(87)(ii)          |
| 18    | Siti Siri Digital Network Private Limited<br>32.2/1-1A, Ratnamamba Street, Mogalrajpuram Vijayawada,<br>Andhra Pradesh-520010<br>U93000AP2013PTC088687  | 51.00            | 2(87)(ii)          |
| 19    | Indinet Service Private Limited <sup>9</sup><br>Plot No. XI-4, Block EP & GP, Sector - V, Electronics Complex, Salt Lake, Kolkata<br>Pargans North, West Bengal - 700091<br>U74900WB2015PTC207490       | 100.00           | 2(87)(ii)          |
| 20    | Siti Prime Uttaranchal Communication Private Limited<br>B-10, Lawrence Road, Industrial Area, New Delhi - 110 035<br>U64200DL2014PTC269035  | 51.00            | 2(87)(ii)          |
| 21    | Siti Sagar Digital Cable Network Private Limited<br>B-10, Lawrence Road, Industrial Area, New Delhi - 110 035<br>U64203DL2014PTC269185  | 51.00            | 2(87)(ii)          |
| 22    | Siti Godaari Digital Services Private Limited<br>B-10, Lawrence Road, Industrial Area, New Delhi - 110 035<br>U64200DL2015PTC280428   | 51.00            | 2(87)(ii)          |

| S. No | Name and Address of the Company   | % of Shares held | Applicable Section |
|-------|---|------------------|--------------------|
| 23    | Variety Entertainment Private Limited<br>6-2-935/2, Savithri Nilayam, Khairathabad, Hyderabad-500004, Telangana<br>U92132TG1998PTC029754                                      | 100.00           | 2(87)(ii)          |
| 24    | Siti Saistar Digital Media Private Limited<br>1,2,3/J Classic Apartment Opp. Akota Garden, Radha Krishna Circle, Akota, Vadodara,<br>Gujarat- 390015<br>U64204GJ2013PTC073773 | 51.00            | 2(87)(ii)          |
| 25    | Axom Communications & Cable Private Limited <sup>10</sup><br>Surya Tower, 5th Floor, B. Baruah Road, Guwahati - 781007<br>U64204AS2011PTC010716                               | 50.00            | 2(87)(i)           |

#### C. Associate/Joint Venture Companies

|    |  |                     |      |
|----|--|---------------------|------|
| 26 | Siti Chhattisgarh Multimedia Private Limited<br>74-A, Near Gayatri Mandir C.S.E.B. Chowk, T.P. Nagar Korba, Chhattisgarh - 495677<br>U72900CT2008PTC020772 | 41.00 <sup>11</sup> | 2(6) |
| 27 | Voice Snap Services Private Limited<br>No 2/7 Rajambal street T Nagar, Chennai, Tamil Nadu 600017<br>U72900TN2012PTC087975                                 | 35.26 <sup>12</sup> | 2(6) |
| 28 | C & S Medianet Private Limited<br>B-10 Lawrence Road,<br>Industrial Area, New Delhi - 110035<br>U74999DL2016PTC299125                                      | 48.00               | 2(6) |

- 6 Include 6.50% held by Siticable Broadband South Limited.  
7 Subsidiary of Indian Cable Net Company Limited.  
8 Subsidiary of Central Bombay Cable Network Limited.  
9 Wholly owned subsidiary company of Indian Cable Net Company Limited.  
10 Subsidiary of Indian Cable Net Company Limited  
11 Held through Siti Bhatia Network Entertainment Private Limited  
12 Held through Variety Entertainment Private Limited

## IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

### (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<br>i.e. April 1, 2017 |              |                         |                   | No. of Shares held at the end of the year<br>i.e. March 31, 2018 |             |                    |                   |
|--|---|--------------|-------------------------|-------------------|--|-------------|--------------------|-------------------|
|  | Demat   | Physical     | Total                   | % of Total Shares | Demat  | Physical    | Total              | % of Total Shares |
| <b>A. Promoters &amp; Promoter Group</b>                                 |   |              |                         |                   |  |             |                    |                   |
| <b>1 Indian</b>  |   |              |                         |                   |  |             |                    |                   |
| (a) Individual/HUF   | 1,021,000   | 0            | 1,021,000 <sup>13</sup> | 0.12              | 0  | 0           | 0                  | 0                 |
| (b) Bodies Corp.   | 517,664,557   | 0            | 517,664,557             | 59.36             | 597,340,475  | 0           | 597,340,475        | 68.50             |
| <b>Sub-total (A)(1)</b>  | <b>518,685,557</b>  | <b>0</b>     | <b>518,685,557</b>      | <b>59.48</b>      | <b>597,340,475</b>   | <b>0</b>    | <b>597,340,475</b> | <b>68.50</b>      |
| <b>2 Foreign</b>   |   |              |                         |                   |  |             |                    |                   |
| (a) Bodies Corporates  | 122,842,583   | 0            | 122,842,583             | 14.09             | 43,166,665   | 0           | 43,166,665         | 4.95              |
| <b>Sub-Total (A)(2)</b>  | <b>122,842,583</b>  | <b>0</b>     | <b>122,842,583</b>      | <b>14.09</b>      | <b>43,166,665</b>  | <b>0</b>    | <b>43,166,665</b>  | <b>4.95</b>       |
| <b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>                | <b>641,528,140</b>  | <b>0</b>     | <b>641,528,140</b>      | <b>73.57</b>      | <b>640,507,140</b>   | <b>0</b>    | <b>640,507,140</b> | <b>73.45</b>      |
| <b>B. Public Shareholding</b>  |   |              |                         |                   |  |             |                    |                   |
| <b>1. Institutions</b>   |   |              |                         |                   |  |             |                    |                   |
| (a) Mutual Funds   | 47,952,645  | 500          | 47,953,145              | 5.50              | 34,090,070   | 500         | 34,090,570         | 3.91              |
| (b) Banks / FI   | 149,190   | 0            | 149,190                 | 0.02              | 3,982,887  | 0           | 3,982,887          | 0.46              |
| (c) FIs  | 109,245,719   | 5500         | 109,251,219             | 12.53             | 107,251,542  | 5500        | 107,257,042        | 12.30             |
| <b>Sub-total (B)(1)</b>  | <b>157,347,554</b>  | <b>6,000</b> | <b>157,353,554</b>      | <b>18.05</b>      | <b>145,324,499</b>   | <b>6000</b> | <b>145,330,499</b> | <b>16.67</b>      |
| <b>2. Non-Institutions</b>   |   |              |                         |                   |  |             |                    |                   |
| (a) Bodies Corporate   | 18,548,176  | 0            | 18,548,176              | 2.13              | 34,004,164   | 0           | 34,004,164         | 3.90              |
| (b) Individuals  |   |              |                         |                   |  |             |                    |                   |
| (i) Individual shareholders holding nominal share capital up to ₹ 1 lakh | 32,795,362  | 185,344      | 32,980,706              | 3.78              | 30,669,207   | 180,964     | 30,850,171         | 3.54              |

| Category of Shareholders   | No. of Shares held at the beginning of the year<br>i.e. April 1, 2017 |                |                    |                   | No. of Shares held at the end of the year<br>i.e. March 31, 2018 |                |                    |                   |
|--|---|----------------|--------------------|-------------------|--|----------------|--------------------|-------------------|
|  | Demat   | Physical       | Total              | % of Total Shares | Demat  | Physical       | Total              | % of Total Shares |
| (ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 10,383,554  | 0              | 10,383,554         | 1.19              | 11,763,119   | 0              | 11,763,119         | 1.35              |
| (c) Others (specify)   |   |                |                    |                   |  |                |                    |                   |
| Foreign Bodies   | 1   | 0              | 1                  | 0.00              | 1  | 0              | 1                  | 0.00              |
| NRI  | 5,683,881   | 192,202        | 5,876,083          | 0.67              | 5,548,615  | 189,702        | 5,738,317          | 0.66              |
| Overseas Corporate Bodies  | 75  | 0              | 75                 | 0.00              | 75   | 0              | 75                 | 0.00              |
| Trust  | 4,002   | 0              | 4,002              | 0.00              | 4,202  | 0              | 4,202              | 0.00              |
| Foreign National   | 300   | 0              | 300                | 0.00              | 300  | 0              | 300                | 0.00              |
| Clearing Members   | 1,877,886   | 0.00           | 1,877,886          | 0.22              | 711,364  | 0              | 711,364            | 0.08              |
| HUF  | 3,501,371   | 0              | 3,501,371          | 0.40              | 3,144,496  | 0              | 3,144,496          | 0.36              |
| <b>Sub-total (B)(2):</b>   | <b>72,794,608</b>   | <b>377,546</b> | <b>73,172,154</b>  | <b>7.99</b>       | <b>85,845,543</b>  | <b>370,666</b> | <b>86,216,209</b>  | <b>9.89</b>       |
| <b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>                               | <b>230,142,162</b>  | <b>383,546</b> | <b>230,525,708</b> | <b>26.04</b>      | <b>231,170,042</b>   | <b>376,666</b> | <b>231,546,708</b> | <b>26.55</b>      |
| <b>Grand Total (A+B+C)</b>   | <b>871,670,302</b>  | <b>383,546</b> | <b>872,053,848</b> | <b>100.00</b>     | <b>871,677,182</b>   | <b>376,666</b> | <b>872,053,848</b> | <b>100.00</b>     |

13 Shares held by Mr. Ashok Mathai Kurien has been reclassified from "Promoters" of the Company to "Public" category pursuant to approval granted by NSE & BSE vide their letter nos. NSE/LIST/22322 dated October 13, 2017 and LIST/COMP/MI/710/2017-18 dated November 29, 2017, respectively, under Regulation 31A (5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## (ii) Promoters & Promoter Group Shareholding

| Sl. No.      | Shareholder Name  | Shareholding at the beginning of the year<br>i.e. April 1, 2017 |                                  |  | Shareholding at the end of the year<br>i.e. March 31, 2018 |                                  |  |  |
|--------------|---|---|----------------------------------|--|--|----------------------------------|--|--|
|              |   | 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 | % Change in Shareholding during the year |
| 1            | Direct Media Solutions LLP (formerly known as Direct Media Solutions Pvt. Ltd.) | 121,000,000   | 13.88                            | 3.10   | 121,000,000  | 13.88                            | 9.19   | 0.00                                     |
| 2            | Essel Media Ventures Limited  | 75,828,755  | 8.70                             | 0.00   | 43,166,665   | 4.95                             | 0.00   | (43.07)                                  |
| 3            | Essel International Limited   | 47,013,828  | 5.39                             | 0.00   | 0.00   | 0.00                             | 0.00   | (100.00)                                 |
| 4            | Digital Satellite Holdings Private Limited                                      | 71,369,898  | 8.18                             | 8.19   | 151,045,816  | 17.32                            | 17.31  | 111.63                                   |
| 5            | Bioscope Cinemas Private Limited  | 112,008,946   | 12.84                            | 10.29  | 112,008,946  | 12.84                            | 12.50  | 0.00                                     |
| 6            | Ashok Mathai Kurien <sup>14</sup>   | 1,021,000   | 0.12                             | 0.00   | -  | -                                | -  | -  |
| 7            | Direct Media and Cable Private Limited  | 85,714,285  | 9.83                             | 9.83   | 85,714,285   | 9.83                             | 9.83   | 0.00                                     |
| 8            | Digital Satellite Media & Broadband Private Limited                             | 51,428,571  | 5.90                             | 3.53   | 51,428,571   | 5.90                             | 3.28   | 0.00                                     |
| 9            | Arrow Media and Broadband Private Ltd   | 57,142,857  | 6.55                             | 0.00   | 57,142,857   | 6.55                             | 0.00   | 0.00                                     |
| 10           | Manaaska Fashions LLP   | 19,000,000  | 2.18                             | 0.00   | 19,000,000   | 2.18                             | 2.17   | 0.00                                     |
| <b>Total</b> |   | <b>641,528,140</b>  | <b>73.57</b>                     | <b>34.94</b>                                   | <b>640,507,140</b>   | <b>73.45</b>                     | <b>54.28</b>                                   | <b>-</b>                                 |

14 Shares held by Mr. Ashok Mathai Kurien has been reclassified from "Promoters" of the Company to "Public" category pursuant to approval granted by NSE & BSE vide their letter nos. NSE/LIST/22322 dated October 13, 2017 and LIST/COMP/MI/710/2017-18 dated November 29, 2017, respectively, under Regulation 31A (5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**(iii) Change in Promoter Shareholding**

| Sl. No. | Particulars  | Shareholding at the beginning of the year<br>i.e. April 1, 2017 |                                  | Cumulative shareholding during the Year<br>i.e. March 31, 2018 |                                  |
|---------|--|---|----------------------------------|--|----------------------------------|
|         |  | Number of Shares  | % of Total Shares of the Company | Number of Shares   | % of Total Shares of the Company |
| 1.      | <b>Essel Media Ventures Limited</b>  |   |                                  |  |                                  |
|         | At the beginning of the Year   | 75,828,755  | 8.70                             | 75,828,755   | 8.70                             |
|         | 29/06/2017 -Sale<br>(Through inter -se transfer amongst the Promoters)     | 32,662,090  | 3.75                             | 43,166,665   | 4.95                             |
|         | <b>At the end of the Year</b>  | -   | -                                | <b>43,166,665</b>  | <b>4.95</b>                      |
| 2.      | <b>Essel International Limited</b>   |   |                                  |  |                                  |
|         | At the beginning of the Year   | 47,013,828  | 5.39                             | 47,013,828   | 5.39                             |
|         | 29/05/2017-Sale<br>(Through inter -se transfer amongst the Promoters)      | 10,000,000  | 1.15                             | 37,013,828   | 4.24                             |
|         | 30/05/2017-Sale<br>(Through inter -se transfer amongst the Promoters)      | 20,000,000  | 2.29                             | 17,013,828   | 1.95                             |
|         | 09.06.2017 -Sale<br>(Through inter -se transfer amongst the Promoters)     | 17,013,828  | 1.95                             | 0  | 0                                |
|         | <b>At the end of the Year</b>  | -   | -                                | <b>0</b>   | <b>0</b>                         |
| 3.      | <b>Digital Satellite Holdings Pvt Ltd</b>                                  |   |                                  |  |                                  |
|         | At the beginning of the Year   | 71,369,898  | 8.18                             | 71,369,898   | 8.18                             |
|         | 29/05/2017-Purchase<br>(Through inter -se transfer amongst the Promoters)  | 10,000,000  | 1.15                             | 81,369,898   | 9.33                             |
|         | 30/05/2017-Purchase<br>(Through inter -se transfer amongst the Promoters)  | 20,000,000  | 2.29                             | 101,369,898  | 11.62                            |
|         | 09.06.2017 -Purchase<br>(Through inter -se transfer amongst the Promoters) | 17,013,828  | 1.95                             | 118,383,726  | 13.58                            |
|         | 29/06/2017 -Purchase<br>(Through inter -se transfer amongst the Promoters) | 32,662,090  | 3.75                             | 151,045,816  | 17.32                            |
|         | <b>At the end of the Year</b>  | -   | -                                | <b>151,045,816</b>   | <b>17.32</b>                     |

**(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<br>i.e. April 1, 2017 |                     | Shareholding at the beginning of the year<br>i.e. March 31, 2018 |                     |
|--|---|---------------------|--|---------------------|
|  | No. of shares   | % of Equity Capital | No. of shares  | % of Equity Capital |
| Morgan Stanley Asia (Singapore) Pte.               | 33,469,111  | 3.84                | 33,469,111   | 3.84                |
| HDFC Trustee Company Limited-HDFC Equity Fund      | 31,907,100  | 3.66                | 29,835,069   | 3.42                |
| Morgan Stanley (France) S.A.                       | -   | -                   | 15,660,870   | 1.80                |
| Moon Capital Trading Pte. Ltd.                     | -   | -                   | 12,558,282   | 1.44                |
| Polus Global Fund                                  | 12,238,456  | 1.40                | 10,000,000   | 1.15                |
| Citigroup Global Markets Mauritius Private Limited | 8,620,705   | 0.99                | 9,089,118  | 1.04                |
| Cophall Mauritius Investment Limited               | 6,446,624   | 0.74                | 6,446,624  | 0.74                |
| Morgan Stanley Mauritius Company Limited           | 5,388,198   | 0.62                | 5,773,746  | 0.66                |
| JM Financial Services Limited®                     | 469,329   | 0.05                | 5,556,073  | 0.64                |
| Amal N Parikh                                      | 4,848,162   | 0.55                | 4,848,162  | 0.55                |

**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.
- Shares held in multiple accounts having same PAN are consolidated for the purpose of this disclosure.



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

**Shareholding of Director**

| Sl. No. | Particulars   | Shareholding at the beginning of the Year<br>i.e. April 1, 2017 |                                  | Cumulative shareholding during the Year<br>i.e. March 31, 2018 |                                  |
|---------|---|---|----------------------------------|--|----------------------------------|
|         |   | Number of Shares  | % of Total Shares of the Company | Number of Shares   | % of Total Shares of the Company |
| 1.      | <b>Ms. Kavita Kapahi *(Director)</b>  |   |                                  |  |                                  |
|         | At the beginning of the Year  | 50  | 0.00                             | 50   | 0.00                             |
|         | Date wise increase / decrease in Director Shareholding during the year (reason) | 0   | 0.00                             | 50   | 0.00                             |
|         | <b>At the End of the Year</b>   | <b>50</b>   | <b>0.00</b>                      | <b>50</b>  | <b>0.00</b>                      |

\*Except Ms. Kavita Kapahi, none of the Director and Key Managerial Personnel of the Company held any Equity Share in the Company either at the beginning of the year i.e. April 1, 2017 or at the end of financial year i.e. March 31, 2018 or dealt in the Equity Shares of the Company during financial year 2017-18.

**(V) INDEBTEDNESS**

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

(₹ in million)

| Particulars   | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year 2017 - 18 |                                  |                 |          |                    |
| i) Principal Amount   | 12,196.50                        | -               | -        | 12,196.50          |
| ii) Interest due but not paid                                 | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                             | 18.61                            | -               | -        | 18.61              |
| <b>Total (i+ii+iii)</b>                                       | <b>12,215.11</b>                 | <b>-</b>        | <b>-</b> | <b>12,215.11</b>   |
| Change in Indebtedness during the financial year 2017 - 18    |                                  |                 |          |                    |
| Addition  | 3,888.83                         | -               | -        | 3,888.83           |
| Reduction   | (3,393.42)                       | -               | -        | (3,393.42)         |
| <b>Net Change</b>   | <b>495.41</b>                    | <b>-</b>        | <b>-</b> | <b>495.41</b>      |
| Indebtedness at the end of the financial year 2017 - 18       |                                  |                 |          |                    |
| i) Principal Amount   | 12,691.92                        | -               | -        | 12,691.92          |
| ii) Interest due but not paid                                 | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                             | 41.49                            | -               | -        | 41.49              |
| <b>Total (i+ii+iii)</b>                                       | <b>12,733.41</b>                 | <b>-</b>        | <b>-</b> | <b>12,733.41</b>   |

**(VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Executive Director and Manager:**

(₹ in million)

| Sl. No. | Particulars of Remuneration   | Mr. Sidharth Balakrishna* (Whole Time Director) | Mr.V.D.Wadhwa** (Executive Director & CEO) | Total Amount |
|---------|---|---|--|--------------|
| 1       | <b>Gross salary</b>   |   |  |              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 3.63  | 1.95                                       | <b>5.58</b>  |
|         | (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  | -   | -  | -            |

(₹ in million)

| Sl. No. | Particulars of Remuneration | Mr. Sidharth Balakrishna*<br>(Whole Time Director) | Mr.V.D.Wadhwa**<br>(Executive Director & CEO) | Total Amount |
|---------|-----------------------------|--|---|--------------|
| 3       | Sweat Equity                | -  | -   | -            |
| 4       | Commission as % of profit   | -  | -   | -            |
| 5       | Others, please specify      | -  | -   | -            |
|         | <b>Total (A)</b>            | <b>3.63</b>  | <b>1.95</b>                                   | <b>5.58</b>  |

\*Mr. Sidharth Balakrishna was appointed as Whole Time Director of the Company with effect from July 14, 2017. Above salary details are for the period July 14, 2017 to March 31, 2018.

\*\*Mr. V.D.Wadhwa resigned as Executive Director and CEO of the Company w.e.f. June 5, 2017. Above salary details are for the period April 1, 2017 to June 5, 2017.

#### B. Remuneration to other Directors:

(₹ in million)

| Sl. No. | Particulars of Remuneration                  | Mr. B. K. Syngal | Mr. Suresh Kumar Agarwal | Mr. Vinod Kumar Bakshi | Ms. Kavita Kapahi | Mr. Sandeep Khurana | Prof. Sunil Kumar Maheshwari | Total Amount |
|---------|--|------------------|--------------------------|------------------------|-------------------|---------------------|------------------------------|--------------|
| 1       | <b>Independent Directors</b>                 |                  |                          |                        |                   |                     |                              |              |
|         | Fee for attending board / committee meetings | 0.42             | 0.20                     | 0.48                   | 0.24              | 0                   | 0.06                         | <b>1.40</b>  |
|         | Commission                                   | 0                | 0                        | 0                      | 0                 | 0                   | 0                            | <b>0</b>     |
|         | Others, please specify                       | 0                | 0                        | 0                      | 0                 | 0                   | 0                            | <b>0</b>     |
|         | <b>Total (1)</b>                             | <b>0.42</b>      | <b>0.20</b>              | <b>0.48</b>            | <b>0.24</b>       | <b>0</b>            | <b>0.06</b>                  | <b>1.40</b>  |
| 2       | <b>Other Non-Executive Directors</b>         |                  |                          |                        |                   |                     |                              |              |
|         | Fee for attending board / committee meetings | 0                | 0                        | 0                      | 0                 | 0                   | 0                            | <b>0</b>     |
|         | Commission                                   | 0                | 0                        | 0                      | 0                 | 0                   | 0                            | <b>0</b>     |
|         | Others, please specify                       | 0                | 0                        | 0                      | 0                 | 0                   | 0                            | <b>0</b>     |
|         | <b>Total (2)</b>                             | <b>0</b>         | <b>0</b>                 | <b>0</b>               | <b>0</b>          | <b>0</b>            | <b>0</b>                     | <b>0</b>     |
|         | <b>Total (B)=(1+2)</b>                       | <b>0</b>         | <b>0</b>                 | <b>0</b>               | <b>0</b>          | <b>0</b>            | <b>0</b>                     | <b>0</b>     |
|         | <b>Total Managerial Remuneration</b>         | <b>0.42</b>      | <b>0.20</b>              | <b>0.48</b>            | <b>0.24</b>       | <b>0</b>            | <b>0.06</b>                  | <b>1.40</b>  |

Overall Ceiling as per the Act : 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 ₹ 0.10 million per meeting of the Board or Committee thereof.

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

(₹ in million)

| Sl. No. | Particulars of Remuneration   | Mr. Sanjay Berry*<br>(Chief Finance Officer) | Mr. Suresh Kumar<br>(Company Secretary) | Total       |
|---------|---|--|---|-------------|
| 1       | Gross salary  |  |   |             |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 6.59   | 2.42                                    | 9.01        |
|         | (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>6.59</b>                                  | <b>2.42</b>                             | <b>9.01</b> |

\*Mr. Sanjay Berry, who had resigned as CFO from the close of business on April 28, 2017, has been appointed as CFO of the Company w.e.f. September 1, 2017.

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

## ANNEXURE – IV

### 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:**

| Sl. No. | Name of the Director-KMP and Designation           | % increase in remuneration in FY 2017-18 | Ratio of remuneration of each Director to median remuneration of employees |
|---------|--|--|--|
| 1       | Mr.Sidharth Balakrishna, Whole-Time Director       | Nil                                      | 9.78%  |
| 2       | Mr.B.K.Syngal, Independent Director                | Nil                                      | NA   |
| 3       | Mr.Vinod Kumar Bakshi, Independent Director        | Nil                                      | NA   |
| 4       | Ms.Kavita Kapahi, Independent Director             | Nil                                      | NA   |
| 5       | Prof. Sunil Kumar Maheshwari, Independent Director | Nil                                      | NA   |
| 6       | *Mr.Sureshkumar Agarwal, Independent Director      | Nil                                      | NA   |
| 7       | @Mr.Sandeep Khurana, Non-Executive Director        | Nil                                      | NA   |
| 8       | §Mr.V.D.Wadhwa, CEO & Executive Director           | Nil                                      | 2.24%  |
| 9       | ¶Mr.Sanjay Berry, Chief Financial Officer          | Nil                                      | NA   |
| 10      | Mr.Suresh Kumar, Company Secretary                 | 9%                                       | NA   |

Note:

\* Resigned as Independent Director of the Company w.e.f. October 26, 2017

@ Resigned as Non-Executive Director of the Company w.e.f. November 3, 2017

§ Resigned as Executive Director & CEO of the Company w.e.f. June 5, 2017

¶ Appointed as Chief Financial Officer of the Company w.e.f. September 1, 2017

| Sl. No. | Requirements  | Disclosure   |
|---------|---|--|
| 1       | The percentage increase in the median remuneration of employees in the financial year.  | 18%  |
| 2       | The number of permanent employees on the rolls of the Company   | 418  |
| 3       | 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 managerial remuneration. | The average annual increase in the salaries of employees during the year was 12 % while the average increase in managerial remuneration during the year was Nil. |
| 4       | Affirmation that the remuneration is as per the remuneration policy of the Company.   | The Company affirms that the 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:**

- Employed throughout the year and in receipt of remuneration aggregating ₹ 1.02 crores or more per annum : Nil

## 2. Employed for part of the year and in receipt of remuneration aggregating ₹ 8.5 lakhs or more per month

| Name of the Employee | Designation                              | Remuneration Received* | Nature of Employment, whether contractual or otherwise | Qualifications  | Experience (years) | Date of Commencement of employment | Age (years) | The Last Employment held           | The percentage of Equity Shares held by the employee in the Company |
|----------------------|--|------------------------|--|---|--------------------|------------------------------------|-------------|------------------------------------|---|
| Alok Govil           | Chief Operating Officer - Video          | 8,594,568              | Permanent  | PGDMM   | 37                 | 1-Jul-17                           | 57          | Zee Entertainment Enterprises Ltd. | Nil   |
| Anil Kumar Malhotra  | COO- Strategy & Compliances              | 8,780,155              | Permanent  | M.Sc (Physics - Solid State)  | 33                 | 7-Sep-11                           | 55          | Broadband Paccnet India (P) Ltd.   | Nil   |
| Ashish Bhatia        | Chief Operating Officer - Broadband      | 7,524,062              | Permanent  | MBA/PGDBM   | 21                 | 5-Jul-17                           | 47          | MTS (Sistema Shyam Teleservices)   | Nil   |
| Bibhash Jha          | Head - Content & Programming             | 6,828,204              | Permanent  | PGDBA   | 25                 | 1-Dec-14                           | 48          | ESPN Software India Pvt. Ltd.      | Nil   |
| Munish Kanotra       | Chief Business Officer                   | 6,731,036              | Permanent  | BE & MBA  | 21                 | 9-Jan-17                           | 47          | Reliance Communications Ltd.       | Nil   |
| Rajesh Sethi         | Chief Business Transformation Officer    | 19,375,209             | Permanent  | BE, PGDM, PDIB and Executive Education from Harvard, INSEAD and Kellogg Business School | 26                 | 1-Jul-17                           | 47          | Zee Entertainment Enterprises Ltd. | Nil   |
| Sanjay Berry         | Chief Financial Officer                  | 6,586,898              | Permanent  | B.Com(H), CA, Executive Leadership (Cornell University)                                 | 26                 | 1-Sep-17                           | 49          | SITI Networks Ltd.                 | Nil   |
| Sanjeev Garg         | Chief Operating Officer                  | 5,202,067              | Permanent  | BE & MBA  | 28                 | 25-Jan-17                          | 51          | Aircel Limited                     | Nil   |
| #V.D. Wadhwa         | Executive Director & CEO                 | 8,182,994              | Permanent  | CS, LLB & AMP from Harvard Business School  | 32                 | 29-Apr-13                          | 54          | Timex Group India Limited          | Nil   |
| Vikas Bajaj          | COO - Sales & Operations Video (India 1) | 4,878,769              | Permanent  | B.Tech, MBA & Certified Financial Risk Manager from GARP, USA                           | 22                 | 1-Sep-17                           | 44          | Zee Entertainment Enterprises Ltd. | Nil   |

**Notes:**

- All appointments are contractual and terminable by notice on either side.
- None of the employee are related to any of the Directors
- \* Remuneration is as per sub-Section (1), (2) and (3) of Section 17 of the Income Tax Act, 1961.
- # Remuneration of Mr. V.D.Wadhwa includes remuneration paid to him after his resignation from the office of Executive Director and CEO, i.e. till September 5, 2017 for helping in smooth transitioning by being with new Management.



# MANAGEMENT DISCUSSION & ANALYSIS

## ECONOMIC REVIEW

India has seen a multitude of economic reforms over the past few years. These included amendments to regulations in the real estate sector, easing of FDI norms, fast-tracking of infrastructure project clearances, digitalisation of various aspects of industries, demonetisation of high currency notes to improve financial rectitude, initiatives for financial inclusion, amongst others.

One of the most important tax reforms in the post-independence era, the Goods and Services Tax (GST), was implemented in FY 2017-18. Despite some initial hiccups in the short run, its ability to unify the entire nation under one taxation regime and promote formalisation and transparency of tax payments will go a long way towards enhancing efficiency within the tax system and ensure simplification of tax payments by the end customer

The year also witnessed structured rectification of the NPA crisis in the banking sector. With the implementation of the Insolvency and Bankruptcy Code (IBC), which envisages a formal insolvency resolution process for businesses, either by structuring a survival mechanism for the company or allowing speedy liquidation, similar crises can be pre-empted in the future. Effectively, the IBC will assist banks in improving the health of their balance sheets. In addition, during the year, the government also proposed ₹ 2.11 lakh crore for the support of stressed public banks, as a part of a recapitalisation plan. These initiatives will enable banks to resume lending activities, reduce financial distress, allow for a lower cost of capital and bolster capital expenditure in the private sector.

All these policy reforms have caught the attention of the international community and strengthened their confidence in the India growth story. After a gap of 14 years, Moody's Investors Services upgraded the country's credit rating to stable 'Baa2' from a positive 'Baa3'. Another stamp of approval came in the form of the World Bank's Ease of Doing Business rankings, which saw India make a 30 position leap to the 100th spot. India also earned a rating as the eighth most attractive FDI destination by A. T. Kearney.

At macro level, all these tailwinds will give economic growth a shot in the arm in the medium to long term. However, in the short run, some of them, like demonetisation and the implementation of GST, temporarily reined in growth. As a result, the GDP grew at 6.7% in FY 2017-18 compared to 7.1% clocked in FY 2016-17. Nevertheless, the outlook remains positive. After five quarters of lacklustre growth, the Indian economy showed definite signs of acceleration. On the back of a pick-up in corporate sales, movement in finished goods inventories and renewed investment in fixed assets by corporates, the revival of the capex cycle has become apparent.

With that, India has once again become the world's fastest-growing major economy, overtaking China in terms of growth. According to the US Department of Agriculture's projections for 2030, India, which ranked eighth in terms of size in 2015, will move past Brazil, United Kingdom, France, Germany and Japan to take third place in 2030, with an expected GDP of \$6.6 trillion. Endorsing this view, the International Monetary Fund (IMF) termed India as "the bright spot in the global landscape" due to the fact that its workforce will be the largest and youngest in the world, for the next 15 years.

Alongside India being in a sweet spot with respect to future growth, the Indian Government's initiatives to relax FDI norms in recent years, across sectors such as defence, PSU oil refineries, telecom, power exchanges, and stock exchanges, among others, has resulted in an inflow of FDI. According to Department of Industrial Policy and Promotion (DIPP),

the total FDI investments in India during FY 2017-18 stood at USD 44.86 billion, with the service sector attracting the highest FDI equity inflow of USD 6.71 billion, followed by telecom (USD 6.21 billion) and computer software and hardware (USD 6.15 billion).

Domestic economic indicators, including retail inflation (as measured by the CPI) and interest rates, continued to be well-calibrated during FY 2017-18. The CPI, which began to rise in July 2017, once GST was implemented, climbed steadily till December 2017 after which it declined to a five months low in March 2018 before climbing again to 5% in June 2018. Accordingly, the RBI revised upward its inflation forecast to 4.7% for the second half of current financial year ending March 2019. To rein in inflation, the country's central bank raised its benchmark interest rates, the repo rates, to 6.25% during the June 2018 monetary policy review.

The Government also undertook a number of measures to boost agricultural and rural incomes in the Union Budget 2018-19. Amongst these, initiatives to increase the income of farmers to double the current



India, which ranked eighth in terms of size in 2015, will move past Brazil, United Kingdom, France, Germany and Japan to take third place in 2030, with an expected GDP of \$6.6 trillion

value and hike the minimum support price (MSP) for Kharif crops, crop insurance, allocate ₹ 75,000 crore in the form of loans for women's self-help groups will give India's growth a more sustainable base.

Another initiative which received a considerable increase in allocation from the Union Budget was the Smart Cities mission. With a hike of 54.22% to ₹ 6,169 crore from ₹ 4,000 crore in Budget 2017-18, the Smart Cities project will have ripple effects for development. Implemented by the Union Ministry for Urban Development, it entails urban renewal and retrofitting of 100 cities across the country towards making them citizen friendly and sustainable. This will not only create employment in the short run but drive physical and virtual infrastructure creation, demand for goods and services and have the overall impact of boosting incomes while increasing the standard of living in these cities.

Digital infrastructure and services are emerging as a game-changer in the country's path of growth and well-being. Harnessing new digital technologies and platforms has resulted in unlocking of greater productivity and better reach in unserved and underserved markets. The government, policy makers and private businesses have all acknowledged that digital transformation is a catalyst for economic and business growth and have, accordingly, begun to move towards the use of technology solutions in various facets of business. To prepare the country for the future, the Department of Telecommunications (DoT) is working on a national policy on digital communication with inputs from various stakeholders, including the Centre, States, local governments, telecom service providers, internet service providers, handset and equipment manufacturers, the academic community, innovators and start-ups, etc.

Looking ahead, the combination of physical, financial (inclusiveness) and digital infrastructure is expected to launch the country into a golden era of growth and prosperity.

### Outlook

Buoyed by the turnaround in manufacturing and a pick-up in investments, the Central Statistical Organisation (CSO) has maintained its GDP forecast of 7.5% for FY2019. The World Bank has projected that the Indian economy will grow at 7.3% in 2018 and 7.5% in 2019 and 2020. According to it, the Indian economy has enormous growth potential due to the implementation of comprehensive reforms. The International Monetary Fund (IMF) is also bullish about India's growth potential and has retained its GDP forecast for the country at 7.4% in 2018. It has estimated, in its World Economic Outlook Update that the Indian economy would grow by 7.8% in 2019, securing its place as the world's fastest-growing economy in 2018 and 2019.

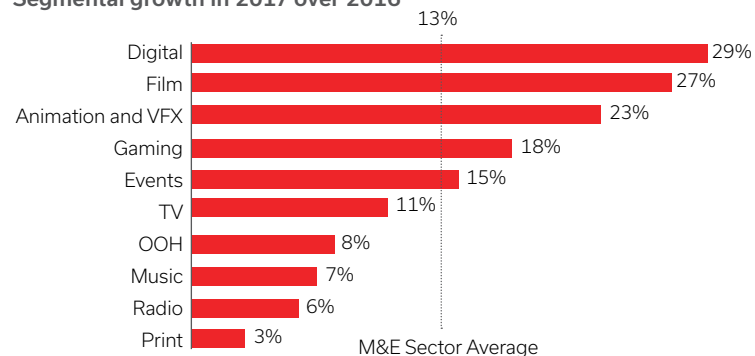
## INDUSTRY REVIEW

### Media & Entertainment Industry

In 2017, the Indian Media & Entertainment (M&E) sector grew by almost 13% to reach ₹ 1.5 trillion (USD 22.7 billion).

According to the EY-FICCI Report, Re-imagining India's M&E Sector – March 2018, the current growth trajectory in the M&E industry suggests that it could cross the ₹ 2 trillion (USD 31 billion) mark by 2020, at a CAGR of 11.6%.

### M&E sector's growth in 2017 was led by digital, film, gaming and events Segmental growth in 2017 over 2016



Source: EY-FICCI Report, Re-imagining India's M&E Sector – March 2018

### Indian media and entertainment industry: Size

(Figures in ₹ billion)

| Segment              | CY 2016      | CY 2017      | CY 2018E     | CY 2020E     | CAGR 2016-20 |
|----------------------|--------------|--------------|--------------|--------------|--------------|
| Television           | 594          | 660          | 734          | 862          | 9.8%         |
| Print                | 296          | 303          | 331          | 369          | 5.7%         |
| Filmed entertainment | 122          | 156          | 166          | 192          | 11.9%        |
| Digital media        | 92           | 119          | 151          | 224          | 24.9%        |
| Animation and VFX    | 54           | 67           | 80           | 114          | 20.4%        |
| Line events          | 56           | 65           | 77           | 109          | 18.0%        |
| Online gaming        | 26           | 30           | 40           | 68           | 27.5%        |
| Out of Home media    | 32           | 34           | 37           | 43           | 7.7%         |
| Radio                | 24           | 26           | 28           | 34           | 8.6%         |
| Music                | 12           | 13           | 14           | 18           | 10.6%        |
| <b>Total</b>         | <b>1,308</b> | <b>1,473</b> | <b>1,660</b> | <b>2,032</b> | <b>11.6%</b> |

Source: EY-FICCI Report, Re-imagining India's M&E Sector – March 2018

### TV Industry

From an estimated size of ₹ 594 billion in 2016, India's television industry grew to ₹ 660 billion in 2017, marking a growth of 11.2%. Distribution still contributed a larger share of revenues at 60% of the total at ₹ 393 billion, while advertising accounted for the remaining ₹ 267 billion.

According to BARC (Broadcast Audience Research Council), an industry body that provides television audience measurement in India, in 2017, the number of TV advertisers grew to 12,964 and ad volumes grew to 70 million insertions. The rising ad volumes were a function of several events such as cricket and elections in several large Indian states, as well as factors such as the penetration of regional channels and the launch of new channels. In addition, marquee non-fiction programming continued to attract advertisers, despite the impact of demonetisation or GST.

The growth in total ad revenues from ₹ 243 billion to ₹ 267 billion was largely on account of volume growth as more channels were introduced, especially in the 'free to air' genre. The ad rates of premium properties such as sports, prime time content, film premieres and reality TV saw robust growth.

### TV Industry revenues

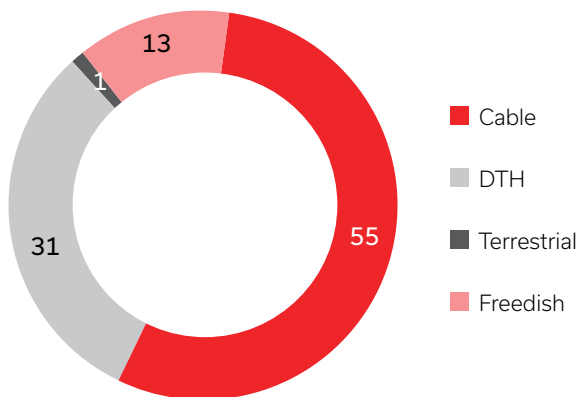
|              | 2016       | 2017       | 2018E      |
|--------------|------------|------------|------------|
| Advertising  | 243        | 267        | 368        |
| Distribution | 351        | 393        | 430        |
| <b>Total</b> | <b>594</b> | <b>660</b> | <b>798</b> |

### Cable and Satellite

According to BARC, India, TV penetration in India has reached 66% as per the BI 2018 survey from 64% estimated in the BI 2016 survey. The 2018 survey revealed that of the 298 million households in India, there were 197 million TV viewing households. The proportion of Cable and Satellite (C&S) households is expected to rise in future due to various factors, including further digitalisation of the C&S universe, Broadband and HD penetration, the nascent OTT adoption, etc. By CY2021, TV households are expected to reach 203 million of which 84% or 171 million households are expected to be C&S households.

In this scenario, digital cable is expected to be better placed than DTH to gain from the increasing market size due to various advantages including diverse number of channels, local channel offerings, better signal quality and resistance to adverse weather due to wired technology, potential for cross selling, higher customer value and direct customer connect and nil spectrum charges.

TV Households 2018 (figures in %)



Excluding multiple TV households

Source: According to BARC, All India MOSR distribution

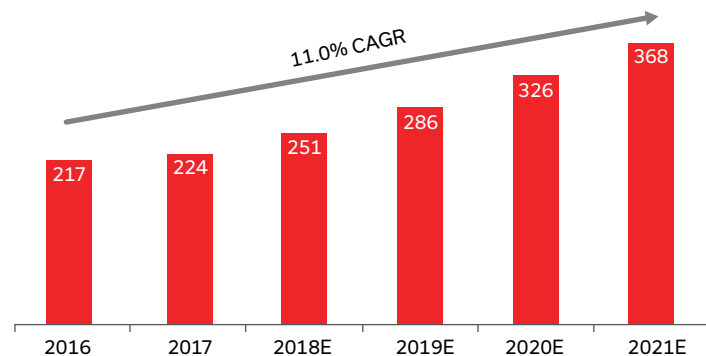
### Digitisation and Beyond

Since the parliamentary approval for the shutdown of analogue in June 2012, it took India, as a nation, half a decade to transition from being primarily analogue to predominantly digital TV users. Today, alongside strong legal and regulatory control frameworks supporting digitisation, the Ministry of Information and Broadcasting and TRAI are closely monitoring developments.

### ARPU (Average Revenue per User)

Since the phased digitisation has been underway in the country, collections from end customers, across all DAS markets have increased. MSOs and broadcasters have benefited on account of greater transparency in payments. More importantly, Phase IV realisations are expected to rise to Phase I levels in 1-2 years.

ARPU, All Inclusive (₹ per month)



ARPUs are at the All India level; Source: KPMG, FICCI, SITI primary research

### Broadband

By March 31, 2018, of a total internet base of 493.96 million, marking an increase of 10.76% over the quarter. This translated into 38.02 internet subscribers per 100 population. The urban penetration was much higher at 84.74 per 100 population as compared to merely 16.41 per 100 in the rural areas.

Broadband subscribers stood at 412.60 million while the remaining 81.35 million subscribers had narrow band (speed of <512 kbps) connections.

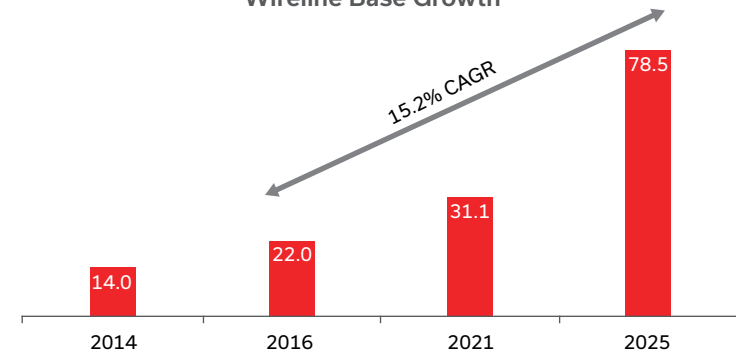
The wireline base, which accounts for merely 5% of total connections, is expected to increase to 35.1 million by 2021.

### Internet Subscribers as on March 31, 2018

| Category        |              |               | (in million)   |
|-----------------|--------------|---------------|----------------|
|                 | Narrowband   | Broadband     | Total Internet |
| Wireline        | 3.28         | 17.95         | 21.24          |
| Fixed Wireless  | 0.01         | 0.46          | 0.47           |
| Mobile Wireless | 78.06        | 394.19        | 472.25         |
| <b>Total</b>    | <b>81.35</b> | <b>412.60</b> | <b>493.96</b>  |

Source: TRAI Report dated June 27, 2018

Wireline Base Growth



Wireline base in million

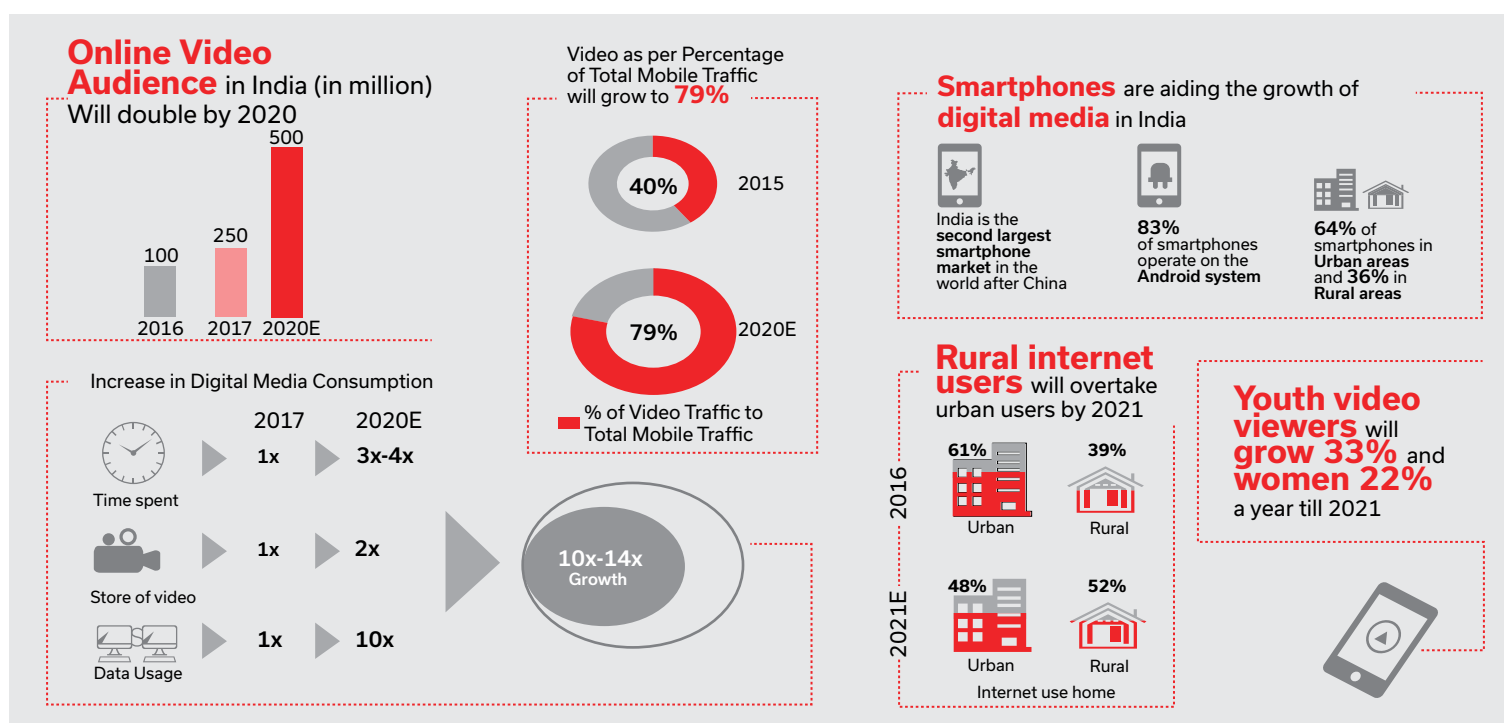
Looking ahead, internet users are expected to cross 500 million in 2018 and reach 829 million by 2021. According to an industry study, the key changes in the Internet user base will be that the growth till 2021 will be driven by rural consumers, who are expected to grow from 38% to 52%. Eventually, out of 829 million internet users, about 129 million are expected to be from metros.

Some of the leading drivers for the growth of the internet industry include the Government's initiatives that amount to ₹ 1,130,000 million. These include implementation of broadband highways to connect 0.25 million villages, 0.4 million public internet access points, wi-fi in 0.25 million schools and public wi-fi for citizens, etc. Allocations for the National Rural Internet & Technology Mission at ₹ 5,000 million and around ₹ 60,000 million allocated to the Smart Cities mission will also drive internet penetration levels.

Further, the price of data usage (as measured in GBs) and high speed services for consistent streaming has fallen significantly for both wired and wireless connections. Subsequent to the reduction of data rates across operators, data consumption has increased significantly. As per Ericsson, the average monthly data consumption in India per smartphone hit 3.9 GB in September 2017, and is expected to increase to 18 GB by 2023.

Other triggers for the growth of internet include the increased use of mobile wallets and multiple ways to engage on-the-go customers and the growing affordability of 4G devices, amongst others.

Against this backdrop, the rapid evolution of digital content and device ecosystems will accelerate the demand for broadband connections.



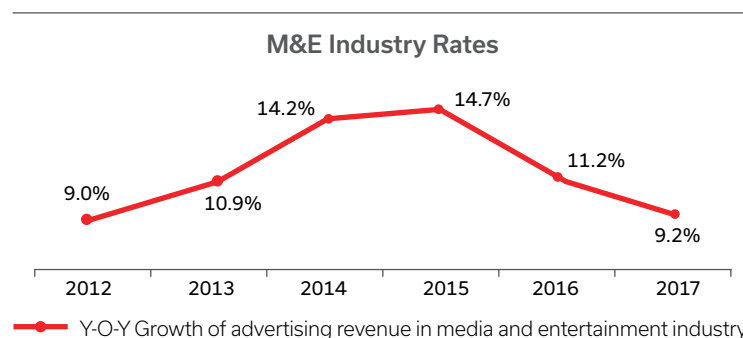
### Policy Initiatives

In recent times, growth in the M&E industry has shown a close correlation with growth in the overall economy. As the per capita GDP has been growing at over 6% since 2012, consumer spends have been increasing too, including those on M&E. Accordingly, GDP growth expectations of over 7% bode well for the industry.

Government policy initiatives have also played a role in shaping the nature and structure of the industry.

### GST

Last year, the Goods and Services Tax (GST) was introduced with effect from July 2017. This single tax subsumes various taxes levied by the central government, such as excise duty, service tax, central sales tax, countervailing duty, special additional duty, etc. and by the state governments, such as value added tax, entry tax, luxury tax, entertainment tax, etc. Now, the supply of goods or services is subjected to a single tax, which is partly levied by the central government and partly by the state government.



Source: Advertising Revenue: Lok Sabha Starred Question No. 56, dated on 19.07.2017, Lok Sabha Unstarred Question No. 3204, dated on 24.04.2012, Lok Sabha Unstarred Question No. 4648, dated 23.04.2013, Lok Sabha Unstarred Question No. 853, dated 24.07.2015.



The tax has had an impact on various segments of the M&E industry. For instance, revenue from advertisements, distribution and content syndication were previously covered under the service tax legislation. Now, under GST, the tax rates applicable to different revenue streams have changed, benefiting some, like DTH subscriptions, syndication and event sponsorship, while others have risen.

**Rate changes: Television broadcasting and distribution**

|                              | Service tax rate | VAT rate | Entertainment tax rate | Approximate Indirect tax rate | GST rate | Increase/Decrease in rate |
|------------------------------|------------------|----------|------------------------|-------------------------------|----------|---------------------------|
| <b>Revenue</b>               |                  |          |                        |                               |          |                           |
| Advertisement                | 15%              | NA       | NA                     | 15%                           | 18%      | ▲                         |
| Channel Distribution         | 15%              | NA       | NA                     | 15%                           | 18%      | ▲                         |
| Syndication                  | 15%              | 6%       | NA                     | 21%                           | 12%      | ▼                         |
| Event sponsorship            | 15%              | NA       | 10%                    | 25%                           | 18%      | ▼                         |
| Channel subscription (cable) | 15%              | NA       | 10%                    | 25%                           | 18%      | ▼                         |
| Channel subscription (DTH)   | 15%              | NA       | 10%                    | 25%                           | 18%      | ▼                         |

Source: E&Y report (page 223)

In the case of subscription services, as against a service tax liability applicable at 15% along with entertainment tax (which varied from state to state), the same has been subsumed in GST on services; GST is now applied at 18% across the board, thereby making digital cable a more affordable medium of entertainment for the masses. However, it does not necessarily translate into a higher net tax outgo as GST credit is available on some procurements, which was not the case under the pre-GST era.

**The draft National Digital Communications Policy – 2018**

Towards formulating a national policy on digital communications that would prepare the country and its citizens for the future, the Department of Telecommunications created a draft National Digital Communications Policy and posted it on its website on May 1, 2018, inviting suggestions and modifications from stakeholders until May 25, 2018.

The Policy seeks to unlock the transformative power of digital communication networks to achieve the goal of empowerment and well-being of the people of India; and towards this end, it attempts to outline a set of goals, initiatives, strategies and intended policy outcomes. The Strategic Objectives are:

- Enhancing the contribution of the Digital Communications sector to 8% of India’s GDP from ~ 6% in 2017
- Propelling India to the Top 50 Nations in the ICT Development Index of ITU from 134 in 2017
- Enhancing India’s contribution to Global Value Chains
- Ensuring Digital Sovereignty
- Provisioning of Broadband for All
- Creating 4 million additional jobs in the Digital Communications sector

These are expected to be accomplished by 2022.

It also set out the following vision and mission, based on which the policy will be structured.

**Vision:** To fulfil the information and communication needs of citizens and enterprises by establishment of a ubiquitous, resilient,

secure and affordable Digital Communications Infrastructure and Services; and in the process, support India’s transition to a digitally empowered economy and society.

**Mission:** The mission comprises three objectives:

- **Connect India:** Creating Robust Digital Communications Infrastructure. To promote ‘Broadband for All’ as a tool for socio-economic development, while ensuring service quality and environmental sustainability.
- **Propel India:** Enabling Next Generation Technologies and Services through Investments, Innovation and IPR generation. To harness the power of emerging digital technologies, including 5G, AI, IoT, Cloud and Big Data to enable provision of future ready products and services; and to catalyse the fourth industrial revolution (Industry 4.0) by promoting Investments, Innovation and IPR.
- **Secure India:** Ensuring Sovereignty, Safety and Security of Digital Communications. To secure the interests of citizens and safeguard the digital sovereignty of India with a focus on ensuring individual autonomy and choice, data ownership, privacy and security; while recognising data as a crucial economic resource.

Towards these ends, the policy proposes establishing a ‘National Broadband Mission – Rashtriya Broadband Abhiyan’ to secure universal success. This will entail implementing broadband initiatives that will be funded through the Universal Service Obligation Fund (USOF) and Public Private Partnerships. It also envisages implementing a ‘Fibre First Initiative’ to take fibre to homes, enterprises and key development institutions in Tier I, II and III towns and to rural clusters. It also seeks to create a National Digital Grid and facilitate the establishment of Mobile Tower Infrastructure. By facilitating the setting up of International Cable Landing Stations, through rationalisation of access charges and removal or regulatory hurdles, it seeks to improve international connectivity and reduce the cost of international bandwidth.

On the policy front, it proposes to enable the convergence of IT, telecom and broadcasting sectors. Other proposals in the draft, pertaining to broadband services include creating a Broadband Readiness Index for States and UTs to attract investments, encouraging investment in broadband infrastructure through fiscal incentives, including accelerated depreciation and tax incentives and incentivising fixed line broadband.

### The Telecom (Broadcasting and Cable) Services (Eighth) (Addressable Systems) Tariff (Amendment) Order, 2017 [Also referred to as the CAS Tariff Order]

TRAI issued a Tariff Order in March 2017 to provide a tariff framework applicable to broadcasting services relating to television provided to subscribers through addressable systems throughout the territory of India. This order related to pricing of television channels offered as a bouquet and a cap on channel pricing. The TRAI regulations also ordered that channels should not be a mix of pay channels and free to air channels when given in bouquets. It had also mandated that MRPs of broadcasters should be uniform for all distribution platforms. The Tariff Order was opposed by stakeholders who petitioned that it should be reneged but the judiciary, after much deliberation, upheld the TRAI's order. As a result, the Tariff Order will soon be a reality. This will shift the balance of power in favor of distribution platforms and realign the value chain. It will link rates to content costs and streamlined packages that are offered, thereby empowering customers.

### Industry Outlook

On the back of increasing per capita income in the country as well as the growing demand for sources of entertainment, knowledge and social outreach, the Indian M&E sector continues to show great potential. The services provided by the M&E industry have, in fact, become a necessity. This provides many opportunities for existing companies and new entrants as the industry moves towards a size of ₹ 2 trillion (USD31 billion) by 2020.

Tactical digital consumers (i.e. those who consume both pay TV and have at least one OTT subscription, and / or are driven by sachet pricing of content) are expected to become the high volume-lower value subscription base for distributor content. As digital and micro payment systems gain popularity this segment could reach as many as 20 million households by 2020.

Mass consumers, on the other hand, are expected to form the largest segment of the M&E sector by 2020. Such consumers will consume traditional media by either subscribing or for free and free OTT content, as well, as data charges fall and free Wi-Fi access becomes more accessible. Such consumers are expected to cross 500 million by 2020.

As a result of the emerging delivery, both in terms of platforms / apps and digitised mediums, the content of the future is likely to become more interactive and available at competitive prices. At SITI, we look all these changes in the environment as an opportunity and are geared up to harness innovations to better connect and deliver the entertainment which our customers desire. We are also proud to say that we have already adopted the spirit of the National Digital Communications Policy and contribute to its vision and mission through our own aligned business model. Last but not the least, SITI is well positioned to benefit from the implementation of the Tariff Order.

### COMPANY OVERVIEW

As one of India's largest Multi System Operator (MSO), SITI Networks Limited has 15 digital head ends and a network of ~33,000 km of optical fibre and coaxial cable. It provides its cable services to

### The Tariff Order

#### Subscription

- Subscribers pay Phase neutral Minimum Rental of ₹ 130 for 100 FTA SD channels; Can take additional FTA channels in bundles of 25 channels for ₹ 20 each.
- HD Channels priced at less than or equal to 3 SD Price or Maximum price of Genre.
- Broadcasters to provide 20% distribution fee for collection and remittance of subscription.

#### Carriage

- Marketing and placement fee retained
- Carriage capped at 20 paise and 40 paise /subscriber/ channel/month for SD and HD channels respectively

around 580 locations in India, reaching out to 11.5 million active digital cable subscribers, 250,000 broadband subscribers and 315,000 HD subscribers.

Formerly known as "SITI Cable Network Limited", SITI Networks Limited is a part of the Essel Group, one of India's leading business houses with a diverse portfolio of assets in media, packaging, entertainment, technology-enabled services, infrastructure development and education.

Using state-of-the-art technology, the Company delivers multiple TV signals to enhance the viewing experience of its consumers. Its product range includes Digital & Analogue Cable Television, Broadband and Local Television Channels.

SITI Networks has been providing services in analogue and digital mode, on the back of its technical capability. Through these mediums, it provides features like Video on Demand, Pay per View, Over-The-Top content (OTT), Electronic Programming Guide (EPG) and Gaming through a Set Top Box (STB). All products are marketed under SITI brand name.

### OPERATIONAL REVIEW

During FY 2017-18, the EBITDA (excl. activation) increased to ₹ 1,508 million in FY2018 from ₹ 586 million in FY2017 while the operating EBITDA margin more than doubled from 5.7% in the previous year to 12.0% in FY2018. The EBITDA increased from ₹ 2,287 million in FY2017 to ₹ 3,245 million in FY2018 while the margins expanded from 19.0% to 22.8% for the same periods.

The video subscription revenues increased 41% to ₹ 7,997 million in FY2018 from ₹ 5,690 million in FY2017. The broadband revenues also climbed from ₹ 970 million to ₹ 1,010 million between FY2017 and FY2018.

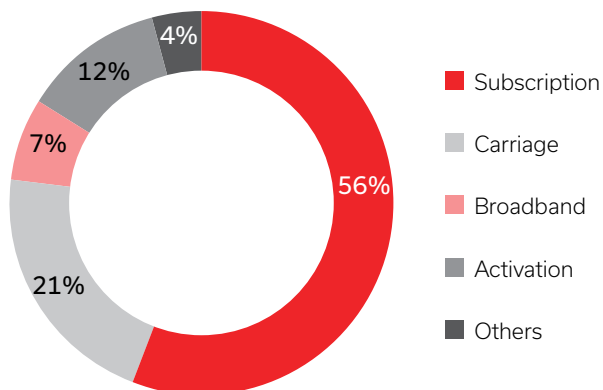
During the financial year under review, the digitisation drive was on its last lap. Accordingly, the pace of addition of set top boxes was much stronger. SITI Networks added approximately 2.5 million customers during the year.

SITI bought in cost efficiencies by rationalisation of sites based on profitability and downward negotiation of bandwidth cost. It also exercised frugality by closing down redundant offices and renegotiating rentals. There were also efforts to right-size the Company's manpower and customer care operations were outsourced.

Towards building in process efficiencies, SITI streamlined its distribution policy by linking commissions with seeding, collections and churn. An Managed Service Provider (MSP) model for technical operations is being explored and learnings with respect to Proof of Concept (POC) are underway. In addition, SITI undertook seeding in strategic locations and implemented subscriber packaging across the board. Overall cost efficiencies increased from 88% in FY2017 to 81% in FY2018 while subscription collection efficiencies increased from 85% to 89% over the same period.

Where broadband is concerned, SITI Networks subscriber base stood at 250,000 with approximately 1.68 million home passes as on March 31, 2018. With the roll out of the high speed DOCSIS 2&3 broadband services in 2-3 locations during the year, SITI Networks' users continue to get broadband speeds of up to 100 Mbps and better value for money.

**FY 18 Revenue Split**



## EXTENDING REACH

SITI has undertaken industry leading seeding this year of 3.1 million set top boxes and added 2.5 million customers, on a net basis. The Company expanded into many new territories including Andhra Pradesh, Telangana, Haryana, West Bengal and adjoining areas such as Bihar, selected areas in UP, etc. taking its presence to approximately 580 locations in 22 states on a pan India basis. The subscriber base increased from 9 million at the start of the year and climbed to 11.5 million by the end of the financial year (March 31, 2018). Most of SITI's incremental subscribers were from Phase III and Phase IV areas.

### Strengths and Competitive Advantages

The five pillars that support SITI Networks' customer-centricity, disciplined execution and market growth and leadership are:

- **Pan India presence:** With a geographical footprint that spans 580 locations, SITI Networks enjoys the position of being India's largest MSO.

- **Technology Edge:** Being in an industry technology provides a competitive edge, the Company ensures that it offers its customers the best network transmission through MPEG4 Set-Top Boxes (STBs) for cable and Hybrid Network or broadband. It is also in the initial process of moving to FTTH network deployment and to Unified Devices, which will enhance customer experiences.
- **Systems & Processes:** SITI Networks has instituted integrated system-based processes - including OYC Subscriber Management System, Conax CAS, SAP - based systems, and uniform commercial policies - to ensure that all activities are standardised and conducted within timelines.
- **Partnerships and Alliances:** Towards ensuring customer delight, the Company has forged strategic partnerships with a multitude of players in different fields.
- **Execution Standards:** SITI Networks maintains robust corporate governance and compliance and professional management standards. Its low dependence on subsidiaries and value unlocking by consolidation has made it a company to reckon with.

### Customer Focus

SITI Networks values its customers and is constantly working towards their delight. Some initiatives that have been undertaken to enhance value for customers:

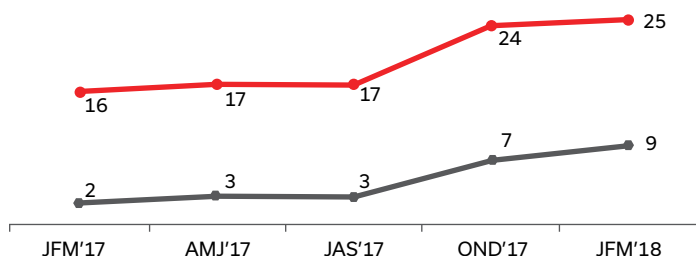
- **Ensuring better service to Business Associates:** SITI offers better quality of signal, faster fault repair, continuity of content, better systems and processes, uniform commercial policies and MPEG-4 boxes. All this goes a long way towards creating satisfied Business Associates.
- **Customer connect:** Customer connect improves as both the company as well as its Business Associates can use the box and the SMS system to manage customers. There is enhanced transparency and visibility as the company can use these channels to monitor feeds, which cannot be easily changed in the digital era. SITI conducts regular meetings to ensure effective control of JVs.
- **Short service turnaround time:** Since a majority of services are offered through Local Cable Operators (LCOs), the turnaround time for servicing is very short and the cost per visit is also negligible.
- **Transparency and compliance:** The Company ensures transparency as a basic tenet, thereby helping compliance. The system-driven processes ensure superior customer experience.
- **Wide array of channels:** By collaborating with multiple content-partners SITI now delivers an array of 130+ local channels, across India, catering to a particular geography.
- **High quality video:** SITI Networks uses the latest MPEG-4 Set Top Boxes (STBs) to deliver high-quality video.

### Growing Data Consumption

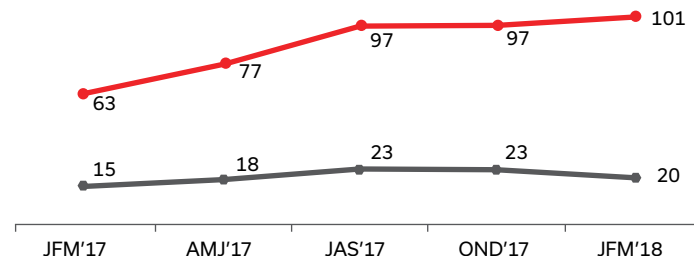
SITI witnessed significant data uptake on both the DOCSIS and EOC models on a quarter on quarter as well as year on year basis. From 63 GB/Sub for the last quarter of FY2017, data consumption

increased to 101 GB/Sub in the DOCSIS model in the last quarter of FY2018. On the EOC model, it increased to 20 GB/Sub from 15 GB/Sub for the same periods. Average speeds per Sub per month also showed a rise to support data consumption.

Average Speed/Sub/Month



Significant Data uptake, GB/Sub on both DOCSIS &amp; EOC model

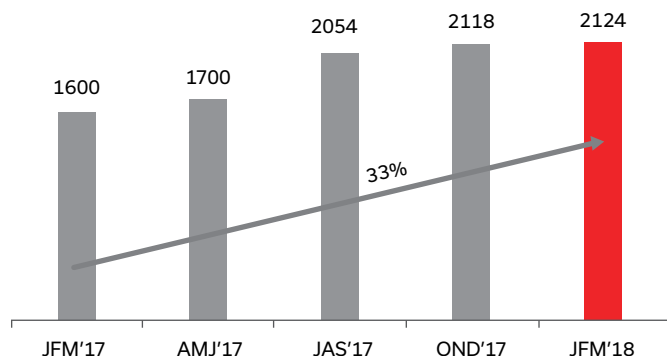


### ARPU & Monetisation

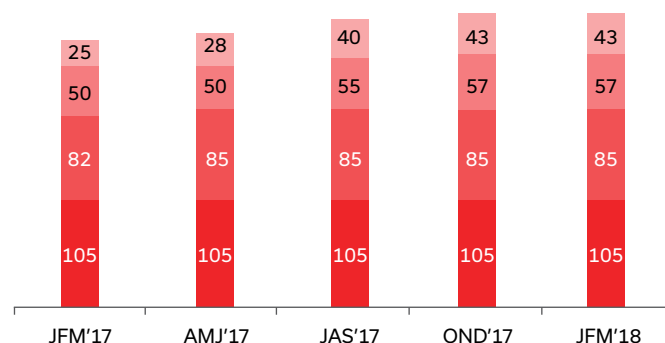
SITI Networks has witnessed a robust growth in monetisation during recent years. As a result, the y-o-y subscription revenue has increased to ₹ 2,124 million for the last quarter in FY2018 from ₹ 1,600 million in the last quarter of FY 2017. Both Phase 3 and Phase 4 ARPUs have been picking up to ₹ 57 and ₹ 43 per Sub per month by the end of FY2018, while Phase 1 ARPU stood at ₹ 105 and Phase 2 at ₹ 85 (all ARPUs net of taxes).

With the latest Tariff and Interconnect Order 2017 by TRAI, SITI stands to benefit in the future.

Video Subscription Income (₹ mn)



Video ARPUs (₹ / Sub / Month)



### Content Cost

Content cost grew at a moderate pace of 16% on a YoY basis, in line with industry growth. We managed to moderate the growth in net content cost along with growing our active subscriber base strongly during the year. The advent and notification of the tariff order is expected to further temper this growth and link it to subscription as well as customer choice. The content provided to end consumer will become more bespoke and personalised. We are looking to grow our carriage steadily this year as well, leveraging on our presence in the Southern states of the country coupled with increased mind share in North Indian markets. As things stand, our content cost on a per subscriber basis is one of the lowest in the industry as we

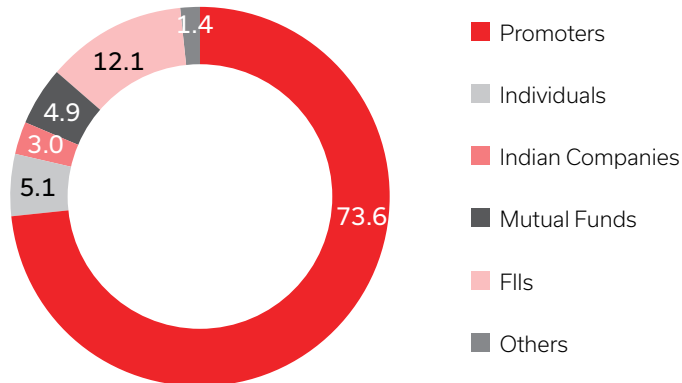
harness economies of scale with aggressive seeding and addition of consumers.

### Established Promoter Group

SITI Networks is promoted by the Essel Group, one of India's leading business houses, with a dominant vertically integrated presence in Media and Entertainment. As a leading producer, aggregator and distributor of Indian programming across the world, it has over 222,000 hours of original content, 75 channels, a reach of approximately 1 billion viewers and a presence in 171 countries. With the strong foundation of its parent support, SITI Networks is in a strong position to capitalise on the opportunities in its own business domain.



### Shareholding Pattern 872 mn Shares



As of August 4, 2017

Others include HUF, Clearing Members, Banks, Trusts and NRIs

### EXPERIENCED MANAGEMENT TEAM

The experienced leadership at SITI Networks has been singularly focussing on sustainable revenue growth, disciplined execution, operating efficiencies and cost rightsizing. Talent has been sourced from various industries to imbibe best practices and evolve the working culture.

### COMPLIANCE, INTEGRITY, AND WORK ETHICS

SITI Networks gives priority to maintaining the best industry standards in terms of professionalism, industry and compliance. Ethics is a basic tenet that is practiced in day-to-day activities. As the government moves ahead with its reforms in the sector, the Company benefits from the industry-level reorganisation taking place as it has always maintained requisite compliances and more. In fact, it has instituted transparency in all aspects of the business for the benefit of its stakeholders.



SITI Networks' performance in FY 2017-18 has seen a spurt in revenues and operational profitability as well. The subscription revenue stood at ₹ 7,997 million, marking a growth of 41%.

Our seven core value system that makes us extraordinary makes us strive to:

- **Keeping our customer first:** To anticipate and meet the needs of internal/external customers, ensuring high levels of service delivery keeping in mind the customer first principle.
- **Going for audacious goals:** To set for ourselves clear, compelling and audacious goals, transcending the fear of failure, criticism and ambiguity in an effort to set and achieve bigger targets.
- **Being frugal:** To focus on need-based resource utilisation and to do more with less, while simultaneously working on continuous improvement and on-time delivery.
- **Respect, Humility and Integrity:** To respect and honour each individual's unique talents, life choices, work styles. To be fair, humble, honest, transparent and ethical in conduct.
- **Speed and Agility:** To continue to deliver on responsibilities while anticipating and responding to the evolving environment.
- **Accountability for results:** To take ownership of decisions/actions for ourselves and our teams, ensuring timely delivery of commitment made with high quality results.
- **Solving problems:** To identify and resolve problems which have a high impact on business by providing innovative solutions and ensuring implementation with excellent execution.

### FINANCIAL REVIEW

As per the Ministry of Corporate Affairs' guidelines, SITI Networks has incorporated the Ind AS form of book keeping for recording accounts.

SITI Networks' performance in FY 2017-18 has seen a spurt in revenues and operational profitability as well. The subscription revenue stood at ₹ 7,997 million, marking a growth of 41%. During the year, revenue from the broadband business increased by 4.12% to stand at ₹ 1,010 million.

#### Comparison of revenue streams between FY 2016-17 and FY 2017-18

| Revenue streams          | FY 2018 | FY 2017 |
|--------------------------|---------|---------|
| Subscription - Cable     | 7,997   | 5,690   |
| Advertisement income     | 185     | 135     |
| Subscription - Broadband | 1,010   | 970     |
| Carriage                 | 3,038   | 3,001   |

(₹ million)

### Profit & Loss Metrics

| Particulars (₹ mn IND-AS)                               | FY'17-18 |
|---|----------|
| Income  |          |
| Net Revenue   | 12,525   |
| Total Revenue   | 14,264   |
| Expenditure   |          |
| Content cost  | 5,856    |
| Distribution Expenses                                   | 523      |
| Cost of Goods Sold                                      | 33       |
| Personnel Expenses                                      | 905      |
| Administrative & Other Expenses                         | 2,151    |
| Bandwidth cost  | 739      |
| Marketing cost  | 53       |
| Provision for Doubtful debts                            | 758      |
| Net Expenses  | 11,018   |
| % Sales   | 77.2%    |
| EBITDA - Net of STB Activation                          | 1,507    |
| % Sales   | 12.0%    |
| STB Activation Income                                   | 1,738    |
| EBITDA  | 3,245    |
| % Sales   | 22.8%    |
| Finance Cost  | 1,395    |
| Amortisation  | 3,262    |
| Share of (loss)/profit of associates and joint ventures | -6       |
| Profit/(Loss) before exceptional items and tax          | -1,418   |

### Total Expenditure

SITI Networks' total expenditure for the year stood at ₹ 11,018 million, excluding depreciation, expenditure and finance costs grew by 11% over the previous year's figure. This expenditure included Content cost, Distribution Expenses, Cost of Goods Sold, Personnel Expenses, Administrative & Other Expenses, Bandwidth cost, Marketing cost, Provision for Doubtful Debts.

SITI has achieved this level of expenditure after curtailing expenses, renegotiating deals and boosting operational efficiencies.

### EBITDA

Total EBITDA of the Company stood at ₹ 3,245 million, which amounted to 22.8% of sales.

### Finance Cost

Finance cost stood at ₹ 1,395 million a rise of 10.71% from ₹ 1,260 million last year.

### Balance Sheet Metrics

#### Fixed Assets

SITI Networks' non-current assets stood at ₹ 22,837.15 million in FY 2017-18 compared to the previous year's ₹ 22,851.44 million mainly on account of a decrease in Capital Work In Progress.

### Current Assets

In the year, the current assets decreased by 5.61% to ₹ 8,065.70 million due to a decrease in cash & bank balances by ₹ 445.74 million.

### Current Liabilities

The current liabilities increased to ₹ 16,959 million in FY 2017-18 from ₹ 11,327 million in FY 2016-17 as borrowings increased by ₹ 1,370 million, trade payables rose by ₹ 1,168 million and other financial liabilities increased by ₹ 3,254 million.

## RISK MANAGEMENT AND MITIGATION

SITI Networks follows a comprehensive risk management framework with established systems and reporting structures. The objective is to identify, evaluate and pre-empt potential risks through an institutionalised approach.

**Preference risk:** As consumer preferences evolve demand for contemporary products and services change. This trend is more prominent in the M&E industry. When this happens, businesses can get adversely impacted.

**Mitigation:** SITI Networks is constantly upgrading and refreshing its offerings in line with changing preferences. The Company focuses on innovation to provide its consumers with a variety of infotainment content. The renewed focus on HD & OTT enables the Company to provide customers with better experiences. Besides, the broadband capabilities provide top-notch speed and attractive data plans for the consumers.

**Migration risk:** Inability to convert existing analogue subscribers to digital cable services, as well as attract new consumers as per the timeline set by the Ministry of Information & Broadcasting (MIB) can adversely impact business growth and sustainability.

**Mitigation:** SITI Networks is focusing on specific states and cities across India that fall in Phase 1, Phase 2 and Phase 3 of the MIB plan. Besides, it is collaborating with LCOs to conduct brand building and consumer awareness initiatives. The company interacts with the MIB and TRAI to ensure that it can properly represent the interests of the Industry and work in tandem with the regulator to ensure quick and effective digitisation.

**Awareness risk:** While LCOs are the primary facilitators of business expansion, a lack of training and motivation of LCOs may impact business growth.

**Mitigation:** The Company has provided its LCOs with subscriber management software to help them manage their customers better. It also imparts real-time training to its LCOs and gives them a share in the carriage fees. Besides, SITI Networks regularly collaborates with LCOs for branding initiatives. It undertakes a dedicated outreach for its broadband services separately to ensure brand recall and educate customers about its current and future offerings.

**Content risk:** At the end of the day, the Company depends on third-party broadcasters for content. If it fails to provide content from popular broadcasters, its credibility and brand recall may be significantly impacted.

**Mitigation:** As a part of the Essel Group, one of India's leading business houses, SITI Networks has access to its parent company's diverse portfolio of assets in media, packaging, entertainment, technology-enabled services, infrastructure development and education. The Group's reputation and recall in the M&E landscape has helped it to negotiate effectively with various broadcasters and other partners. It has negotiated fixed-fee pan-India deals with the major broadcasters, which gives it content cost visibility and ensures that it can provide a diverse range of options to the end consumer.

**Talent & technology risk:** Inability to attract the right talent and adopt the relevant technologies can jeopardise business growth.

**Mitigation:** SITI Networks has strengthened its leadership team to drive its cable and broadband businesses. It has fortified its sales team and brought on board experienced managers from multiple consumer-facing industries. It ensures a performance-linked culture prevails, which empowers the individual to make decisions and take responsibility. The shift to MPEG-4 STBs in cable and provision of providing broadband through DOCSIS 2&3/GPON hybrid network is testament to the fact that the Company is sensitive to the rapidly changing technology trends and are cognisant to take counter measures.

**Product risk:** Traditional cable customers are moving towards getting content in a non-linear manner. Inability to meet customers' demands might lead to a loss in business.

**Mitigation:** The Company is well placed to serve the rising needs of customers. By leveraging its customer relationships and offering OTT & broadband services to existing customers, SITI Networks has committed substantial investments towards the rollout of broadband services.

## HUMAN RESOURCE DEVELOPMENT

Acknowledging that people will always be its biggest assets, SITI Networks ensures that it creates an environment that is nurturing and supportive of the growth of individuals alongside their progress within the organisation. The processes put in place also support



The employees were on-boarded into the value system through intensive training held across India covering both on-roll and off-roll employees.

this mission. Accordingly, the company seeks human resources that are in sync with its vision and makes all efforts to retain them.

For this reason, SITI Networks treats recruiting and selecting the right people, as its priority. The success of this exercise leans on the ability to map the attitudes and skill sets of those on-boarded to the Company's culture.

### 1. Values that make us extraordinary together:

This year SITI imbibed in itself the seven core values that make the organisation extraordinary together. The employees were on-boarded into the value system through intensive training held across India covering both on roll and off roll employees. Pocket cards, Communication Mailers, Value Month etc. were few initiatives carried out throughout the year to sensitize the employees. The Performance Management System FY 17-18 was also launched with the value assessment for the employee annual appraisal.

### 2. SAMWAD : Building efficiency through Engagement

SAMWAD philosophy is the essence of having a healthy engagement with the employees. At SITI, it means conversation, interlocution, news, information, message and dialogue. In essence it is about two way communication to arrive at a shared vision towards managing ourselves. We encourage flow of lateral and vertical communication at-least twice a year. FY 17-18 had been really a good year for SAMWAD, with the Chief Patron himself participating in face to face conversation with employees. This enables us to create a great workplace and have better work culture.

### 3. Life at SITI

We care about the people who work in making SITI - "Zindagi ka Network". We pay equal importance to celebrating life as much as it gives to performance. Occasions like employee birthdays, festivals, and Values are all celebrated with passion and vigour. This year SITI dedicated a whole month to celebrating and recognising employees on Values through series of recognition, games and activities.

### 4. Employee Development Initiatives

The Senior Leadership of the organisation participated in a Blue Ocean and Design Thinking workshop enabling them to think beyond established paradigms and create new innovations. We also organised stress management and positivity sessions to help employees cope with the pressure in this fast paced environment.

## OUTLOOK

The digital revolution in India is well entrenched and the opportunities that it has presented are enormous and far reaching. SITI Networks, with its expertise in providing techno-commercial services and pan-India geographic footprint, is in an advantageous position to capitalise on these opportunities.

Another strategic advantage that SITI Networks enjoys is its presence in both the Cable and the Broadband businesses. In the C&S universe, the Company looks forward to monetising its significant Phase 3&4 base while increasing its subscriber base too.

It is also well prepared for implementation of the TRAI Tariff order. As a strategic move, SITI Networks also plans to up-sell broadband, HD and OTT to customers. All these efforts will culminate in a considerable growth of ARPU in both the cable and broadband segments.

According to E&Y analysis, the growth in subscription outpaced advertisement growth in 2017 on account of wider implementation of cable TV digitisation, increased adoption of subscription OTT platforms, etc. We expect this trend of higher subscription revenues as compared to ad revenues to continue, going ahead. This will lead to a realignment of the value chain.

Where the wired broadband expansion is concerned, customers are still at the initial phase wherein they subscribe for broadband connections due to the lower cost and better speed. The quality of data delivery, reliability of the connection and consistency of speed is not yet a criteria but it will become important once they get more discerning and accustomed to continuous internet viewing. This will lead to a demand for wired broadband. The Company aims to simplify plans and build in added benefits that enhance loyalty, with a focus on long term contracts. To encourage higher data consumption, it seeks to design and offer plans with higher data allowance based on changing customer preferences.

These and other initiatives by the Company will go a long way towards establishing it as a market leader. Further growth in digital cable and broadband customers are also expected through a combination of organic and inorganic growth. SITI Networks will

continue to adopt its customer-centric approach through a focus on efficient execution, strategic alliances and superior technology.

Last, but not the least, the Tariff Order by the regulator complements SITI Networks vision as it creates a better level-playing field for formalised players in the market, while furthering transparency and system-oriented processes.

### **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 about maximizing shareholder value legally, ethically and on a sustainable basis. At SITI Networks Limited ("SITI"), the goal of corporate governance is to ensure fairness for every stakeholder – our customers, investors, vendor-partners, the community, and the governments of the countries in which we operate. We believe that sound corporate governance is critical in enhancing and retaining investor trust. It is a reflection of our culture, our policies, our relationship with stakeholders and our commitment to values. Accordingly, we always seek to ensure that our performance is driven by integrity.

Corporate Governance provides a structure that works for the benefit of everyone concerned, by ensuring that the enterprise adheres to ethical standards, laws and accepted best practices. It imbibes the basic business ethics and values that need to be adhered to in letter and spirit. A transparent, ethical and responsible corporate governance framework essentially emanates from the intrinsic will and passion for good governance ingrained in the culture of the organisation.

A report on compliances with the principles of Corporate Governance as prescribed under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') is as follows:

## BOARD OF DIRECTORS

### Composition and Category of Directors

SITI has a balanced Board with combination of Executive and Non-Executive Directors to ensure independent functioning and the current composition of the Board is in conformity with Regulation 17(1) of the Listing Regulations. Independent Directors of the

Company provide appropriate annual certifications to the Board confirming satisfaction of the conditions of their being independent as laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.

Composition of the Board as at the close of March 31, 2018:

| Category of Director   | No. of Director | % to total no of Directors |
|--|-----------------|----------------------------|
| Executive Director   | 1               | 20                         |
| Non- Executive Independent Director (including Women Director) | 4               | 80                         |
| <b>Total</b>   | <b>5</b>        | <b>100</b>                 |

### Number of Board Meetings

During the financial year under review, 8 (eight) meetings of the Board were held on April 10, 2017, May 26, 2017, June 5, 2017, July 14, 2017, August 11, 2017, September 26, 2017, November 3, 2017 and January 24, 2018. Your Board meets at least once a quarter to review the quarterly performance and financial results of the Company and the intervening period between any two Board Meetings were well within the maximum time gap of one hundred and twenty days under Regulation 17 of the Listing Regulations and Secretarial Standards. The annual calendar of meetings is broadly determined at the beginning of each financial year.

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

Particulars of Directors, their attendance at the Annual General Meeting and Board Meetings detailed above held during the Financial Year 2017-18 and also their other Directorships/ Chairmanship held in Indian Public Companies and Membership/ Chairmanship of various Board Committees of other Indian Public Companies as at March 31, 2018 are as under:

| Name of the Director                        | Attendance at                              |   | No. of Directorship of other Public Companies <sup>@</sup> | No. of Membership/ Chairmanship of Board Committees <sup>#</sup> |              |
|---|--|---|--|--|--------------|
|   | Board Meeting (Total Board Meeting held 8) | 11 <sup>th</sup> AGM held on 26.09.2017 |  | Membership   | Chairmanship |
| <b>Non – Executive Independent Director</b> |  |   |  |  |              |
| Mr. B.K.Syngal                              | 6  | Yes                                     | 2  | 2  | 2            |
| Mr. Vinod Kumar Bakshi                      | 7  | No                                      | 1  | 3  | Nil          |
| Ms. Kavita Anand Kapahi                     | 8  | Yes                                     | 4  | 6  | Nil          |
| Prof Sunil Kumar Maheshwari*                | 2  | -                                       | Nil  | Nil  | Nil          |
| Mr. Sureshkumar Agarwal**                   | 4  | Yes                                     | -  | -  | -            |
| <b>Non – Executive Director</b>             |  |   |  |  |              |
| Mr. Sandeep Khurana***                      | 6  | Yes                                     | -  | -  | -            |
| <b>Executive Director</b>                   |  |   |  |  |              |
| Mr. V.D. Wadhwa****                         | 2  | -                                       | -  | -  | -            |
| Mr. Sidharth Balakrishna*****               | 3  | Yes                                     | Nil  | 2  | Nil          |

\* Prof. Sunil Kumar Maheshwari was appointed as an Additional director of the Company w.e.f. November 3, 2017.

\*\* Mr. Sureshkumar Agarwal resigned from the office as Director effective from close of October 26, 2017.

\*\*\* Mr. Sandeep Khurana resigned from the office as Director effective from November 3, 2017.

\*\*\*\* Mr. V.D. Wadhwa resigned from the office of Executive Director and CEO of the Company effective from June 5, 2017.

\*\*\*\*\*Mr. Sidharth Balakrishna has been appointed as Whole-Time Director of the Company w.e.f. July 14, 2017

@ Directorships in Other Companies does not include Alternate Directorships.

# In accordance with Regulation 26 of the Listing Regulations, Chairmanships/Memberships of only Audit Committees and Stakeholders Relationship Committee in all Public Limited Companies (Listed and Unlisted) except Foreign Companies have been considered.

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

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

None of the Directors on the Board hold directorships in more than ten public companies. Further, as mandated by Regulation 26 of the Listing Regulations, none of the Directors is a member of more than ten Committees or Chairman of more than five Committees across companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2018 have been made by the Directors.

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

#### Board Procedure

The Board Meetings of the Company are governed by a structured agenda. The Company Secretary in consultation with Whole Time Director finalises the agenda of the Board Meetings. All major agenda items, backed up by relevant and comprehensive background information, are sent well in advance of the date of the Board Meeting(s) to enable the Board Members to take informed decision. Any Board Member may, in consultation with the Chairman of the Meeting and with the consent of all Independent Directors present at the meeting, bring up any matter at the meeting for consideration by the Board. Senior Management personnel are invited, from time to time, to the Board Meetings to make requisite presentations on relevant issues or provide necessary insights into the operations / working of the Company and corporate strategies. The Board periodically reviews Compliance Reports in respect of various laws and regulations applicable to the Company.

#### Separate Meeting of the Independent Directors

During the financial year 2017-18, the Independent Directors of the Company met separately on May 13, 2017 and March 29, 2018 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 Regulations, 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.

#### Familiarisation Program for Independent Directors

Independent Directors are familiarised with their roles, rights and responsibilities in the Company as well as with the nature of industry and business model of the Company through induction programs at the time of their appointment as Directors and at regular intervals through deep-dive on various business segments of the Company. While review and approval of quarterly and Annual Financial Statements of the Company are taken up, detailed presentation covering *inter alia* economy and industry overview, key regulatory developments, strategy and performance of the Company is made to the Board. The said familiarisation program is also available on the Company's website [www.sitinetworks.com](http://www.sitinetworks.com)

#### Code of Conduct

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

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

#### DECLARATION

I confirm that the Company has obtained from all Directors and Senior Management Personnel of the Company their affirmation of compliance with the Code of Conduct for Members of the Board and Senior Management of the Company for the financial year ended March 31, 2018.

**Sidharth Balakrishna**

Noida, May 9, 2018

Whole Time Director

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

**Ms. Kavita Kapahi:** She is a Commerce Graduate from Bombay University, and is an entrepreneur engaged in the Security & Surveillance Industry. She manages the administration side of the business operations to meet the needs and demands of Security & Surveillance Industry.

Over the last three years she has closely worked with differently abled children and young adults to groom them towards meaningful employment so that they can secure a brighter future. Additionally, aiding assistance to various charitable organisations that work

exclusively towards education for the marginalised who otherwise would be deprived of basic education.

Apart from the Company, she is also director in Minotaur Holdings & Finance Private Limited, Indian Cable Net Company Limited, Shirpur Gold Refinery Limited, Essel Green Energy Private Limited, Essel Highways Limited, Essel Infraprojects Limited.

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

**Prof. Sunil Kumar Maheshwari:** He is a Professor in Human Resource Management Area at the Indian Institute of Management, Ahmedabad. Prof. Sunil Kumar Maheshwari has served on boards of many organisations including UCO Bank and Andhra Bank.

He is an Alumni of IIT Delhi and IIM Ahmedabad, worked with BHEL and Indian Railways (IRPS Cadre) before getting into academics in 1998. He worked as Advisor to Minister of HRD from January, 2009 to January, 2013.

His research, consulting and teaching interests are in strategic human resource management, international human resource management and business turnaround. His book titled "Turnaround Excellence," published by Penguin Books India, has been among the business best sellers. The book is based on a study of six turnaround cases.

He has widely published in both national and international journals of high repute. He has written more than 30 cases. He has been a consultant to many large national and international organisations. He has received many awards for excellence in his career.

Apart from the Company, He does not hold directorship in any other company.

Prof. Maheshwari does not hold any securities in the Company.

## BOARD COMMITTEES

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

## AUDIT COMMITTEES

The Board has constituted a well-qualified Audit Committee. The Company has framed the mandate and working procedures of the Audit Committee as required under Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations defining therein the term of reference, membership, powers, meeting procedures etc. of Audit Committee.

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

### Term of reference

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

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

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

### Composition and Meetings of the Audit Committee

The Audit Committee of the Company comprised of Mr. B.K. Syngal, Independent Director as the Chairman and Mr. Vinod Kumar Bakshi, Independent Director and Mr. Sidharth Balakrishna, Whole-Time Director as the members of the Audit Committee. Two-third of the members of the Committee are Independent Directors including Chairman. All the members have accounting and financial management knowledge. Mr. B. K. Syngal, the Chairman of the Audit Committee has accounting and financial management expertise. The Company Secretary of the Company acts as the secretary to the Committee.

During the year under review, the Audit Committee met six (6) times on May 26, 2017, August 11, 2017, September 1, 2017, September 26, 2017, November 3, 2017 and January 24, 2018 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 September 26, 2017 and answered the queries raised by the shareholders.

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

The details of attendance of Audit Committee meetings during the financial year ended March 31, 2018 are as under:

| Name of the Director                               | Category | No. of meeting attended |
|--|----------|-------------------------|
| Mr. B.K. Syngal<br>(Independent Director)          | Chairman | 6                       |
| Mr. Vinod Kumar Bakshi<br>(Independent Director)   | Member   | 5                       |
| Mr. Sidharth Balakrishna*<br>(Whole Time Director) | Member   | 3                       |
| Mr.Sureshkumar Agarwal**<br>(Independent Director) | Member   | 2                       |
| Mr.V.D.Wadhwa***<br>(Executive Director & CEO)     | Member   | 1                       |

\*Mr. Sidharth Balakrishna has been appointed as the member of the Audit Committee w.e.f. August 11, 2017.

\*\*Mr. Suresh kumar Agarwal ceased to be member of Audit Committee consequent upon his resignation as Independent Director effective from close of October 26, 2017.

\*\*\*Mr. V.D. Wadhwa ceased to be member of Audit Committee consequent upon resignation from office of Executive Director & CEO of the Company effective from June 5, 2017.

## NOMINATION & REMUNERATION COMMITTEE

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

### Term of reference

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

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

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

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

During the year under review, the Nomination and Remuneration Committee met six (6) times on May 26, 2017, June 5, 2017, July 14, 2017, September 1, 2017, November 3, 2017 and January 24, 2018 and the necessary quorum was present at the meetings.

The details of attendance of Nomination and Remuneration Committee meetings during the financial year ended March 31, 2018 are as under:

| Name of the Director                               | Category | No. of meeting attended |
|--|----------|-------------------------|
| Mr. B.K. Syngal<br>(Independent Director)          | Member   | 5                       |
| Mr. Vinod Kumar Bakshi<br>(Independent Director)   | Member   | 6                       |
| Ms. Kavita Kapahi*<br>(Independent Director)       | Member   | 1                       |
| Mr.Sureshkumar Agarwal**<br>(Independent Director) | Member   | 2                       |

\* Ms. Kavita Kapahi has been appointed as the member of the Nomination and Remuneration Committee w.e.f. November 3, 2017.

\*\* Mr. Suresh kumar Agarwal has ceased to be member of Nomination and Remuneration Committee consequent upon his resignation as Independent Director effective from close of October 26, 2017.

### Performance Evaluation Criteria for Independent Directors

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

### Remuneration Policy

The guiding principle of the remuneration policy of the Company is that the remuneration 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. Focus on productivity and pay-for-performance have been the cornerstones of the Company's reward philosophy with differentiated compensation growth to high-performance



employees. With a view to bring performance-based growth approach, the remuneration of employees of the Company have been moderated and structured as a mix of fixed and variable pay depending on the grade and level of employee. The Remuneration policy of the Company has been uploaded and can be accessed on Company's website [www.sitinetworks.com](http://www.sitinetworks.com).

### Remuneration of Executive Directors

Your Board comprises of one Whole-Time Director viz. Mr. Sidharth Balakrishna. He was appointed by the shareholders of the Company in 11<sup>th</sup> Annual General Meeting of the Company held on September 26, 2017, for a period of three (3) years with effect from July 14, 2017.

The detail of remuneration paid to the Mr. Sidharth Balakrishna, Whole Time Director of the Company during the year ended March 31, 2018 is as under:

| (₹ in million)                            |             |
|---|-------------|
| Particulars                               |             |
| Salary*                                   | 3.63        |
| Benefits Perquisites and Allowances*      | -           |
| Provident Fund Contribution               | 0.22        |
| <b>Total Amount</b>                       | <b>3.85</b> |
| Employee Stock Options Granted (unvested) | Nil         |

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

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

The details of the sitting fees paid to the Non-Executive Independent Directors for the period April 1, 2017 to March 31, 2018 are as under:

| (₹ in million)               |                             |
|------------------------------|-----------------------------|
| Name of the Director         | Amount paid as Sitting Fees |
| Mr. B.K. Syngal              | 0.42                        |
| Mr. Vinod Kumar Bakshi       | 0.48                        |
| Ms. Kavita Kapahi            | 0.24                        |
| Prof. Sunil Kumar Maheshwari | 0.06                        |
| Mr. Sureshkumar Agarwal*     | 0.20                        |

\*Mr. Sureshkumar Agarwal resigned from the office of Director effective from close of October 26, 2017

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

### STAKEHOLDER RELATIONSHIP COMMITTEE

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

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

The Stakeholders' Relationship Committee of the Company comprised of Mr. B. K. Syngal, Independent Director, Mr. Vinod Kumar Bakshi, Independent Director and Mr. Sidharth Balakrishna, Whole-Time Director as the members of the Committee. Mr. Suresh Kumar, Company Secretary of the Company is Compliance Officer of the Company, who oversees the redressal of the investors' grievances.

During the year under review, the Stakeholders' Relationship Committee met twice i.e. May 26, 2017 and January 24, 2018 and the necessary quorum was present at the meeting.

The details of attendance of Stakeholders' Relationship Committee meetings during the financial year ended March 31, 2018 are as under:-

| Name of the Director                               | Category | No. of meeting attended |
|--|----------|-------------------------|
| Mr. B.K. Syngal<br>(Independent Director)          | Member   | 2                       |
| Mr. Vinod Kumar Bakshi<br>(Independent Director)   | Member   | 2                       |
| Mr. Sidharth Balakrishna*<br>(Whole Time Director) | Member   | 1                       |
| Mr. V.D. Wadhwa,**<br>(Executive Director & CEO)   | Member   | 1                       |

\*Mr. Sidharth Balakrishna was appointed as the member of the Stakeholders' Relationship Committee w.e.f. August 11, 2017

\*\*Mr. V.D. Wadhwa ceased to be member of Stakeholders' Relationship Committee consequent upon resignation from office of Executive Director & CEO of the Company w.e.f. June 5, 2017.

Mr. B. K. Syngal, who chaired the Annual General Meeting held on September 26, 2017 and answered the queries raised by the shareholders.

Details of number of requests/complaints received and resolved during the year ended March 31, 2018 are as under:

| Nature of Correspondence            | Received | Resolved/<br>Replied | Pending  |
|-------------------------------------|----------|----------------------|----------|
| Non-receipt of Dividend             | 1        | 1                    | 0        |
| Non-receipt of Annual Report        | 0        | 0                    | 0        |
| Complaint received from SEBI        | 0        | 0                    | 0        |
| Complaint received from NSE         | 0        | 0                    | 0        |
| Complaint received from BSE         | 0        | 0                    | 0        |
| Complaint received from ROC/ others | 0        | 0                    | 0        |
| <b>Total</b>                        | <b>1</b> | <b>1</b>             | <b>0</b> |

## OTHER BOARD COMMITTEES

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

In addition to the above, the Board has constituted various other Committees to exercise powers delegated by the Board, which *inter-alia* include the following:

### Corporate Social Responsibility Committee

In compliance with the requirements of Section 135 read with Schedule VII of the Companies Act 2013, the Board has constituted Corporate Social Responsibility Committee comprising of Mr. Vinod Kumar Bakshi, Ms. Kavita Kapahi and Mr. Sidharth Balakrishna as the Members.

The broad term of reference includes:-

- i. To formulate and recommend to the board, a CSR policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- ii. To recommend the amount to be spent on the CSR activities;
- iii. To periodically monitor the Company's CSR policy;
- iv. To institute a transparent monitoring mechanisms for the implementation of CSR Projects.

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   |
|---------|--|--|---|
| 2016-17 | Tuesday, September 26, 2017<br>3:00 p.m. | The Orchid, 70-C, Nehru Road, Near Mumbai Domestic Airport, Vile Parle (E), Mumbai, Maharashtra - 400099 | a. Appointment of Mr. Sidharth Balakrishna as a Whole-Time Director of the Company for the period of three years.<br>b. Maintenance of register of members at the office of Registrar & Share Transfer Agent instead of Registered office of the Company.   |
| 2015-16 | Tuesday, September 27, 2016<br>3:30 p.m. | 'Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400018                           | a. Re-appointment of Mr. B. K. Syngal as an Independent Director for second term.<br>b. Re-appointment of Mr. Vinod Kumar Bakshi as an Independent Director for second term.<br>c. Re-appointment of Mr. Sureshkumar Agarwal as an Independent Director for second term.<br>d. Alter and adopt new set of Articles of Association to align it with the Companies Act, 2013.<br>e. Maintenance of register of members at the office of Registrar & Share Transfer Agent instead of Registered office of the Company.<br>f. Raising of funds by issue of Equity Shares or securities convertible into Equity Shares, in one or more tranches, so that the total amount raised through such issue(s) of Securities shall not exceed Rupee equivalent of USD 100 Million. |
| 2014-15 | Thursday, August 27, 2015<br>3:30 p.m.   | 'Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400018                           | a. Approval for increasing the FII/FPI holding limit to 49% of the paid-up equity share capital of the Company.<br>b. Approval for raising of capital by issue of Equity Shares or convertible securities up to an amount not exceed Rupee equivalent of USD 100 Million.<br>c. Implementation of 'SITI ESOP 2015'.<br>d. Extending the benefits of SITI ESOP 2015 to the employees and Directors of the subsidiaries / holding company of the Company.   |

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

### Corporate Management Committee

The Board has also constituted a Corporate Management Committee comprising of Mr. Suresh Kumar, Company Secretary and Mr. Mukesh Ghuriani, Chief Technology Officer of the Company to review, approve and/or grant authorities for managing day-to-day affairs of the Company within the powers delegated by the Board. The Corporate Management Committee meet as and when required to deliberate and decide on various matters within their respective scope or powers delegated by the Board.

### Finance Committee

With a view to facilitate monitoring and expediting any debt fund raising process, approve financing facilities offered and/or sanctioned to the Company by various Banks and/or Indian Financial Institution from time to time, in the form of Term Loans, Working Capital facilities, Guarantee Facilities, etc., including the acceptance of terms and conditions of such facilities being offered and exercising such other authorities as may be delegated by the Board, from time to time, the Board has constituted a Finance Committee comprised of Mr. Sidharth Balakrishna, Whole-Time Director, Mr. Vinod Kumar Bakshi, Independent Director and Ms. Kavita Kapahi, Independent Director.

## GENERAL MEETINGS

The 12<sup>th</sup> Annual General Meeting of the Company for the financial year 2017-18 will be held on Tuesday, September 25, 2018 at 3:00 p.m. at The Orchid, 70-C, Nehru Road, Near Mumbai Domestic Airport, Vile Parle (E), Mumbai, Maharashtra 400099.

All the above resolutions were passed with overwhelming majority.

## POSTAL BALLOT

During the year under review, no resolution was passed through postal ballot.

Currently, no resolution is proposed to be passed through postal ballot. However, if required, the same shall be passed in compliance of provisions of Companies Act, 2013, Listing Regulations or any other applicable laws.

## DISCLOSURES

i. All transactions entered into by the Company with related parties during the financial year 2017-18 were in ordinary course of business and on arms-length basis. The related party transactions undertaken by the Company during the year under review were in compliance with the applicable provisions of the Companies Act, 2013 and Listing Regulations. The details of the Related Party Transactions are set out in the Notes to Financial Statements forming part of the Annual Report. All ongoing related party transactions along with the estimated transaction value and terms thereof are approved by the Audit Committee before the Commencement of financial year and thereafter reviewed on quarterly basis by the Audit Committee.

In compliance with the requirements of Regulations 23 of the Listing Regulations, the Board of Directors of the Company has approved a Related Party Transaction Policy. The said Related Party Transaction Policy can be viewed on the website of the Company [www.sitinetworks.com](http://www.sitinetworks.com).

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.

ii. As per Section 177 of the Companies Act, 2013 and Regulation 22 of Listing Regulations, a comprehensive Whistle Blower and Vigil Mechanism Policy has been approved and implemented within the organisation. The policy enables the employees and Directors to report instances of any unethical act or suspected incidents of fraud or violation of the Companies Code of Conduct or ethics policy. The Policy, a copy whereof is uploaded on the website of the Company [www.sitinetworks.com](http://www.sitinetworks.com), safeguards whistle-blowers from reprisals or victimisation. Your Board affirms that no personnel has been denied access for making disclosure or report under the Policy to the Vigilance Officer and/or Audit Committee.

iii. 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, Company Secretary of the Company is Compliance Officer for the purposes of Insider Trading Code, while the Chief Financial Officer of the Company has been assigned responsibility under Fair Disclosure Policy as Investor Relations Officer.

iv. The Company has one material non-listed Subsidiary namely Indian Cable Net Company Limited, in terms of Regulation 16 of Listing Regulations. The Audit Committee reviews the Financial Statements including investments by the unlisted subsidiaries. The policy on determining material subsidiaries has been uploaded and can be accessed on the website of the Company [www.sitinetworks.com](http://www.sitinetworks.com).

Additionally, the Board has in accordance with the requirements of Companies Act, 2013 and Listing Regulations approved and adopted various other policies including Material Events Determination and Disclosure Policy, Document Preservation Policy, etc. These Policies can be viewed on Company's website [www.sitinetworks.com](http://www.sitinetworks.com).

v. 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.

vi. The Company has complied with all the mandatory requirements specified in Regulation 17 to 27 and applicable requirements of Regulation 46 of Listing Regulations, as amended. The status of compliance with non-mandatory requirements of Listing Regulations are as detailed hereunder:-

a. **Audit Qualifications:** The Company's Financial Statement for the financial year 2017-18 does not contain any audit qualification.

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

## MEANS OF COMMUNICATION

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

In Compliance with Regulations 46 of the Listing Regulations, a separate dedicated section under 'Investors' on the Company's website gives information on various announcements made by the Company. Annual Report, quarterly/half-yearly/annual financial statements, shareholding patterns, Stock Exchanges filings along with applicable policies of the Company. Official press releases and presentations made to institutional investors or to analysts, if any, are displayed on Company's website [www.sitinetworks.com](http://www.sitinetworks.com).

Management Discussion and Analysis Report forming part of this Annual Report is annexed separately.

## GENERAL SHAREHOLDERS INFORMATION

1. **Annual General Meeting**
  - **Day & Date** : Tuesday, September 25, 2018
  - **Time** : 3:00 P.M.
  - **Venue** : The Orchid, 70-C, Nehru Road, Near Mumbai Domestic Airport, Vile Parle (E), Mumbai, Maharashtra - 400099
2. **Financial year** : April 1, 2017 to March 31, 2018
3. **Book Closure Date** : Friday, the 21<sup>st</sup> day of September, 2018 to Monday, 24<sup>th</sup> day of September, 2018 (both days inclusive)
4. **Dividend Payment Date** : The Board has not recommended any dividend for the Financial Year 2017-18.
5. **Registered Office**
  - : Unit No. 38, 1<sup>st</sup> Floor, A Wing, Madhu Industrial Estate, Pandurang Budhkar Marg, Worli, Mumbai 400013.
  - : Phone No.: +91- (022) 43605555
  - : Email: [csandlegal@siti.esselgroup.com](mailto:csandlegal@siti.esselgroup.com)
6. **Corporate Office**
  - : UG Floor, FC-19-20, Sector-16A, Film City, Noida - 201301.
  - : Ph No.: +91-(0120) 4526707
  - : Email: [csandlegal@siti.esselgroup.com](mailto:csandlegal@siti.esselgroup.com)
7. **Listing on Stock Exchange**
  - : BSE Limited (BSE)
  - : The National Stock Exchange of India Limited (NSE)
  - : The Company has paid Annual Listing Fees to the Stock Exchanges for financial year 2018-19.
8. **Stock Code**
  - : BSE - 532795
  - : NSE - SITINET-EQ
9. **Corporate Identification Number (CIN)** : L64200MH2006PLC160733
10. **ISIN No.** : INE965H01011 (Equity Shares of Re.1/- each, fully paid up)
11. **Registrar & Share Transfer Agent**
  - : Link Intime India Pvt Ltd (w.e.f. June 16, 2016)
  - : C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai - 400083., India
  - : Tel: +91 22 49186000
  - : Fax: +91 22 49186060
  - : E.Mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

### 12. 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 Shares in physical form are requested to submit their PAN, notify the change of address including e-mail address, if any, to the Company's Registrar & Share Transfer Agent at the address mentioned above. Members holding equity shares in dematerialised form can submit their PAN, notify the change of address including e-mail address, if any, to their respective Depository Participants (DP).

### 13. Share Transfer System

99.96% of the Equity Shares of the Company are in electronic form. Transfers of these shares are done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with Company or through Registrar & Share Transfer Agent.

Transfer of shares in physical form is normally processed within 15 days from the date of receipt, if the documents are complete in all respects. The Board has delegated the authority for approving transfer, transmission, etc. of the Company's Equity Shares to the Company Secretary.

A half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations is obtained from the Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchanges simultaneously.

### 14. Dematerialisation of Shares & Liquidity

To facilitate trading in demat form, there are two Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has entered into agreements with both these Depositories. The Shareholders can open account with any of the Depository Participant registered with any of these two Depositories.

As on March 31, 2018, 99.96% of the Equity Shares of the Company are in the dematerialised form. Entire Shareholding of the Promoter's in the Company is held in dematerialised form. The Equity Shares of the Company are frequently traded at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

### 15. Outstanding Warrants or any Convertible Instruments, Conversion date and likely impact on Equity

There are no outstanding Securities issued by the Company and convertible into Equity Shares of the Company as at March 31, 2018.



The Company has not issued any GDRs/ADRs in the past and hence as March 31, 2018, the Company does not have any outstanding any GDRs/ADRs.

or court/statutory orders, if any. It is the endeavor of the Company to reply all letters / communications received from the shareholders within a period of 5 working days.

**16. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities**

The Company is engaged in distribution of signals of channels of various broadcasters through cable networks, there is no risk associated with Commodity Price. Further, the Company has not carried out any activity for hedging foreign exchange risk.

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 Company Secretary of the Company.

**17. Shareholders' Correspondence**

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

Mr. Suresh Kumar (Company Secretary)  
 UG Floor, FC-19-20,  
 Sector-16A, Film City,  
 Noida - 201301.  
 Ph No.: +91-(0120) 4526707  
 Email :- [csandlegal@siti.esselgroup.com](mailto:csandlegal@siti.esselgroup.com)

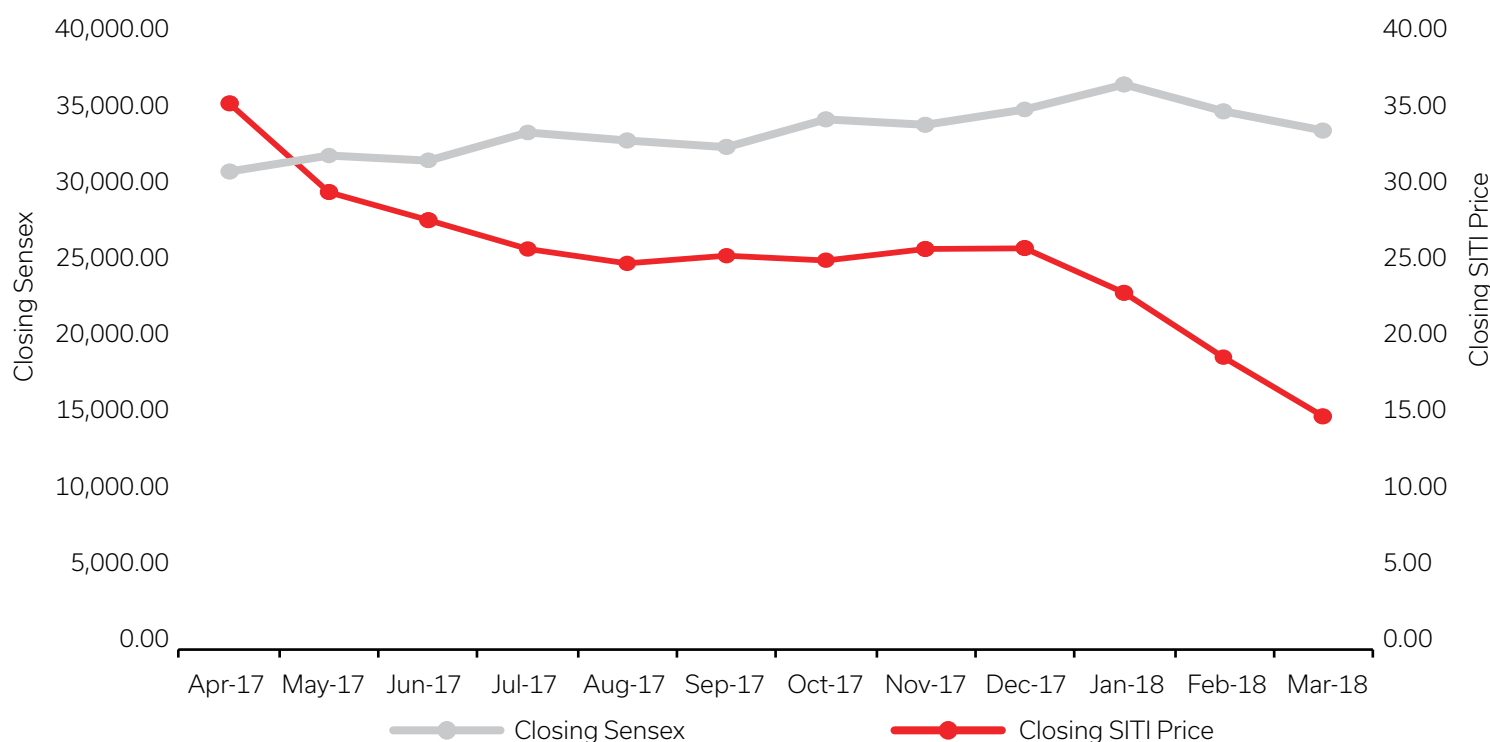
**18. Market Price Data**

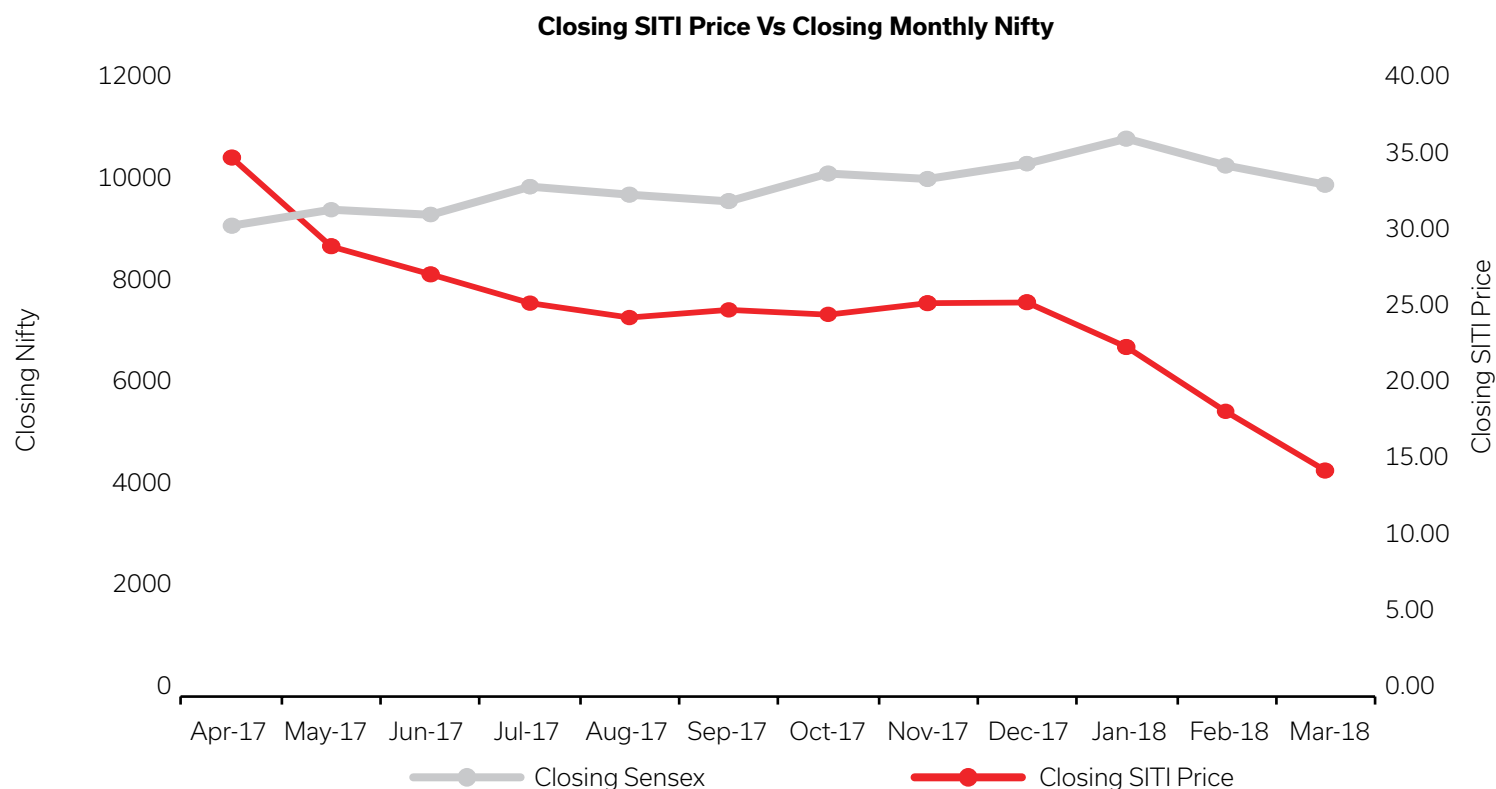
Monthly high and Low quotation and volume of Equity Shares traded on BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) for the Financial year 2017-18 are given as under:

| Month          | BSE         |            |                 | NSE         |            |                 |
|----------------|-------------|------------|-----------------|-------------|------------|-----------------|
|                | High (in ₹) | Low (in ₹) | Traded Quantity | High (in ₹) | Low (in ₹) | Traded Quantity |
| April 2017     | 39.05       | 35.10      | 808,660         | 38.90       | 35.25      | 3,333,965       |
| May 2017       | 35.95       | 29.50      | 31,484,461      | 36.80       | 29.50      | 5,542,007       |
| June 2017      | 32.00       | 24.10      | 54,373,352      | 32.00       | 25.10      | 1,3812,355      |
| July 2017      | 28.00       | 23.80      | 1,795,913       | 28.20       | 23.70      | 10,269,655      |
| August 2017    | 26.50       | 22.50      | 1,604,126       | 26.50       | 23.00      | 10,932,290      |
| September 2017 | 26.65       | 24.05      | 2,308,507       | 27.85       | 24.35      | 11,336,974      |
| October 2017   | 26.00       | 23.45      | 333,973         | 25.70       | 23.75      | 2,802,479       |
| November 2017  | 27.60       | 24.00      | 1,414,605       | 27.50       | 24.20      | 8,360,228       |
| December 2017  | 28.00       | 24.50      | 15,390,677      | 27.75       | 24.35      | 8,825,113       |
| January 2018   | 27.30       | 22.80      | 1,528,449       | 27.35       | 22.80      | 6,762,237       |
| February 2018  | 23.30       | 18.20      | 562,635         | 23.20       | 17.15      | 4,504,352       |
| March 2018     | 19.50       | 13.85      | 1,704,122       | 19.70       | 13.70      | 7,252,718       |

**19. Relative Performance of Shares of SITI Networks Limited vs. BSE Sensex & Nifty Index**

Closing SITI Price Vs Closing Sensex





## 20. Distribution of Shareholding as on March 31, 2018

| Description      | Shareholders  |                   | No. of Shares      |               |
|------------------|---------------|-------------------|--------------------|---------------|
|                  | Number        | % of shareholders | Number             | % of Shares   |
| Less than 5000   | 92,265        | 98.99             | 23,764,870         | 2.73          |
| 5001-10000       | 469           | 0.50              | 3,456,175          | 0.40          |
| 10001-20000      | 194           | 0.21              | 2,825,391          | 0.32          |
| 20001-30000      | 66            | 0.07              | 1,689,291          | 0.19          |
| 30001-40000      | 32            | 0.03              | 1,118,625          | 0.13          |
| 40000-50001      | 31            | 0.03              | 1,416,693          | 0.16          |
| 50001-100000     | 47            | 0.05              | 3,360,783          | 0.39          |
| 100000 and above | 106           | 0.11              | 834,422,020        | 95.68         |
| <b>Total</b>     | <b>93,210</b> | <b>100.00</b>     | <b>872,053,848</b> | <b>100.00</b> |

## 21. Categories of Equity Shareholder as on March 31, 2018

| Particulars                                  | No. of share held  | % of shareholding |
|--|--------------------|-------------------|
| Promoters                                    | 640,507,140        | 73.45             |
| Individuals                                  | 42,613,290         | 4.89              |
| Financial Institutions, Mutual Funds & Banks | 38,073,457         | 4.37              |
| Indian Companies                             | 34,004,164         | 3.90              |
| FII (s), NRI(s), Foreign Bodies & OCBs       | 112,995,735        | 12.96             |
| Others                                       | 3,860,062          | 0.44              |
| <b>Total</b>                                 | <b>872,053,848</b> | <b>100.00</b>     |

## 22. Promoter's Shareholding as on March 31, 2018

| S. No.       | Name of the shareholder                               | No. of share held  | % of total shareholding |
|--------------|---|--------------------|-------------------------|
| 1.           | Digital Satellite Holdings Private Limited            | 151,045,816        | 17.32                   |
| 2.           | Direct Media Solutions LLP                            | 121,000,000        | 13.88                   |
| 3.           | Bioscope Cinemas Private Limited                      | 112,008,946        | 12.84                   |
| 4.           | Direct Media and Cable Private Limited                | 85,714,285         | 9.83                    |
| 5.           | Arrow Media & Broadband Private Limited               | 57,142,857         | 6.55                    |
| 6.           | Digital Satellite Media and Broadband Private Limited | 51,428,571         | 5.90                    |
| 7.           | Manaaska Fashions LLP                                 | 19,000,000         | 2.18                    |
| 8.           | Essel Media Ventures Limited                          | 43,166,665         | 4.95                    |
| <b>Total</b> |   | <b>640,507,140</b> | <b>73.45</b>            |

### 23. Top 10 Public Shareholders as on March 31, 2018

| S. No | Name of Shareholder                                | No. of shares held | % of shareholding |
|-------|--|--------------------|-------------------|
| 1.    | Morgan Stanley Asia (Singapore) Pte.               | 33,469,111         | 3.84              |
| 2.    | HDFC Trustee Company Limited-HDFC Equity Fund      | 29,835,069         | 3.42              |
| 3.    | Morgan Stanley (France) S.A.                       | 15,660,870         | 1.80              |
| 4.    | Moon Capital Trading Pte. Ltd.                     | 12,558,282         | 1.44              |
| 5.    | Polus Global Fund                                  | 10,000,000         | 1.15              |
| 6.    | Citigroup Global Markets Mauritius Private Limited | 9,089,118          | 1.04              |
| 7.    | Copthall Mauritius Investment Limited              | 6,446,624          | 0.74              |
| 8.    | Morgan Stanley Mauritius Company Limited           | 5,773,746          | 0.66              |
| 9.    | JM Financial Services Limited                      | 5,556,073          | 0.64              |
| 10.   | Amal N Parikh                                      | 4,848,162          | 0.55              |

### 24. Equity Shares in the Suspense Account

In accordance with requirement of Regulation 34(3) and Schedule V Part F of Listing Regulations, the Company reports the following details in respect of the Equity Shares, which were issued by the Company from time to time and lying in the suspense account is as under:

| Description  | No. of Shareholders | No. of Equity Shares |
|--|---------------------|----------------------|
| Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2017  | 82                  | 45,917               |
| Number of shareholders who approached the Company for transfer of shares from suspense account during the year | 0                   | 0                    |
| Number of shareholders to whom shares were transferred from the suspense account during the year               | 0                   | 0                    |
| Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2018 | 82                  | 45,917               |

The voting rights on the shares outstanding in suspense account as on March 31, 2018 shall remain frozen till the rightful owner of such shares claims the shares.

### 25. Share Capital Build-Up

#### (a) Equity Shares

| Particulars   | No. of Equity Shares Allotted | Date of Issue     |
|---|-------------------------------|-------------------|
| Subscribers to the Memorandum of Association of the Company   | 50,000                        | March 25, 2006    |
| Subdivision of equity shares of ₹ 10/- each into equity shares of Re. 1/- each                          | 500,000                       | July 25, 2006     |
| Allotted to the shareholders of Zee Entertainment Enterprises Limited pursuant to Scheme of Arrangement | 216,717,753                   | December 29, 2006 |
| Right Issue   | 236,222,285                   | October 29, 2009  |
| Allotted upon conversion of warrants as per terms of issue of Preferential Issue                        | 68,500,000                    | March 25, 2014    |
| Allotted upon conversion of warrants as per terms of issue of Preferential Issue                        | 93,500,000                    | April 2, 2014     |
| ESOP Allotment  | 77,840                        | February 4, 2015  |
| QIP Allotment   | 63,174,540                    | March 9, 2015     |
| ESOP Allotment  | 167,840                       | March 26, 2015    |
| Allotted upon conversion of warrants as per terms of issue of Preferential Issue                        | 85,714,285                    | February 19, 2016 |
| Allotted upon conversion of OFCD as per terms of issue of Preferential Issue                            | 30,800,000                    | March 28, 2016    |
| ESOP Allotment  | 135,000                       | February 14, 2017 |
| Allotted upon conversion of warrants as per terms of issue of Preferential Issue                        | 57,142,857                    | February 27, 2017 |
| Allotted upon conversion of OFCD as per terms of issue of Preferential Issue                            | 20,628,571                    | February 27, 2017 |
| Less: Forfeiture of shares  | 1,227,123                     | October 19, 2011  |
| <b>Paid up Equity Share capital of the Company as on March 31, 2018</b>                                 | <b>872,053,848</b>            |                   |

#### (b) Preference Shares

| Particulars   | No. of Equity Shares Allotted | Date of Issue     |
|---|-------------------------------|-------------------|
| Issued pursuant to Scheme of Arrangement                                    | 23,436                        | December 29, 2006 |
| <b>Paid up Preference Share capital of the Company as on March 31, 2018</b> |                               | <b>23,436</b>     |

## CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members of,  
SITI Networks Limited  
(Formerly known as SITI Cable Network Limited)

We have examined the compliance of conditions of Corporate Governance by SITI Networks Limited (formerly known as SITI Cable Network Limited) (hereinafter referred to as 'the Company'), for the year ended March 31, 2018, as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paras C, D and E of Schedule V of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

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

In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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

**For Amit Agrawal & Associates**  
Company Secretaries

**CS Amit Agrawal**  
Proprietor  
FCS No. 5311, C.P.No. 3647

Delhi, May 17, 2018



## CERTIFICATION ON FINANCIAL STATEMENTS OF THE COMPANY

We, Sidharth Balakrishna, Whole -Time Director and Sanjay Berry, Chief Finance Officer of SITI Networks Limited (formerly known as Siti Cable Network Limited) (hereinafter referred to as 'the Company') certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended March 31, 2018 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 any 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) To the best of our knowledge and belief, there are no transactions entered into by the Company during the year ended March 31, 2018 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 the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) During the year:
  - i. there has not been any significant change in internal control over financial reporting;
  - ii. there have not been any significant changes in accounting policies; and
  - iii. there have been no instances of significant fraud of which we are aware that involve management or other employees having significant role in the Company's internal control system over financial reporting.

**Sidharth Balakrishna**  
Whole -Time Director

**Sanjay Berry**  
Chief Finance Officer

May 17, 2018

# 03

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Attendance Slip  
Proxy Form  
Route Map

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# Independent Auditor's Report

## **TO THE MEMBERS OF SITI NETWORKS LIMITED (FORMERLY SITI CABLE NETWORK LIMITED)**

### **Report on the Standalone Financial Statements**

1. We have audited the accompanying standalone financial statements of SITI Networks Limited (formerly SITI Cable Network Limited) ('the Company'), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity 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 state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 these standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the

auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these 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 including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at March 31, 2018, its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

9. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in Annexure 1, 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 Ind AS specified under Section 133 of the Act;
  - 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 2018 from being appointed as a director in terms of Section 164(2) of the Act;

- f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 17 May 2018 as per Annexure 2 expressed unqualified opinion; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company, as detailed in Note 41 to the standalone financial statements, has disclosed the impact of pending litigations on its 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;
  - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sumit Mahajan**  
Partner  
Membership No.:504822

Place: Gurugram  
Date: 17 May 2018



## **Annexure 1 to the Independent Auditor's Report of even date to the members of SITI Networks Limited (formerly SITI Cable Network Limited), on the standalone financial statements for the year ended March 31, 2018**

### **ANNEXURE 1**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets, except for some of the network equipment acquired in a scheme of arrangement in an earlier year where the records are maintained for a group of similar assets and not for each individual asset. However, the written down value of these assets is Nil.
  - (b) The Company has a regular program of physical verification of its fixed assets (other than set top boxes and broadband consumer premises equipment (CPE), installed at customer premises and those in transit or lying with the distributors/cable operators and distribution equipment comprising overhead and underground cables physical verification of which is infeasible owing to the nature and location of these assets), under which fixed assets, except for some of the network equipment acquired in a scheme of arrangement in an earlier year, are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, the existence of set top boxes and CPE installed at customer premises is considered on the basis of the 'active user' status of the set top box and CPE. No material discrepancies were noticed on the verification of these assets except in case of some of the network equipment acquired in a scheme of arrangement in an earlier year which have not been physically verified by the management during the year and we are therefore unable to comment on the discrepancies, if any, which could have arisen on verification thereof.
  - (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
  - (iii) Based on the information and explanations given to us by the management, in our opinion, the Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
  - (iv) Based on the information and explanations given to us by the management, in our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security as applicable.
  - (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
  - (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
  - (vii) (a) Based on the information and explanations given to us by the management, in our opinion, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

## Annexure 1 to the Independent Auditor's Report of even date to the members of SITI Networks Limited (formerly SITI Cable Network Limited), on the standalone financial statements for the year ended March 31, 2018

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

### Statement of disputed dues

| Name of the statute                          | Nature of dues  | Amount (₹ in million) | Amount paid under protest (₹ in million) | Period to which the amount relates  | Forum where dispute is pending                            |
|--|-----------------|-----------------------|--|---|---|
| Finance Act, 1994                            | Service tax     | 119.20                | 15.68                                    | July 2003 to June 2008, Financial year 2005-2006 to Financial year 2008-2009 and Financial year 2011-2012 | CESTAT  |
| Karnataka Value Added Tax Act, 2003          | Value added tax | 2.83                  | 0.85                                     | Financial year 2007-2008  | Joint Commissioner of Commercial Taxes                    |
| Andhra Pradesh Value Added Tax Act, 2005     | Value added tax | 22.38                 | 0.71                                     | Financial year 2010- 2011 to Financial year 2012-2013 and September 2015 to August 2016                   | Appellate Deputy Commissioner, Commercial Taxes (Appeals) |
| Delhi Value Added Tax Act, 2004              | Value added tax | 0.71                  | -  | Financial year 2013-2014  | Additional Commissioner (Appeals)                         |
| The Maharashtra Value Added Tax Act, 2002    | Value added tax | 10.34                 | 1.69                                     | Financial Year 2007-2008 and Financial Year 2011-2012   | Joint Commissioner of Commercial Taxes (Appeals)          |
| The Uttar Pradesh Value Added Tax Act, 2008  | Value added tax | 7.38                  | -  | Financial Year 2012-2013 and Financial Year 2013-2014   | Appellate Deputy Commissioner, Commercial Taxes (Appeals) |
| The Madhya Pradesh Value Added Tax Act, 2002 | Value added tax | 1.93                  | -  | Financial Year 2014-2015  | Additional Commissioner (Appeals)                         |

(viii) The Company has no loans or borrowings payable to the government and no dues payable to debenture-holders during the year. The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purpose for which the loans were obtained.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. In our opinion, the unutilised amount out of proceeds as at March 31, 2017, were applied for the purposes for which these securities were issued.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons

connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sumit Mahajan**

Partner

Membership No.: 504822

Place: Gurugram

Date: 17 May 2018

## Annexure 2 to the Independent Auditor's Report of even date to the Members of SITI Networks Limited (formerly SITI Cable Network Limited), on the standalone financial statements for the year ended March 31, 2018

### ANNEXURE 2

#### Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the standalone financial statements of SITI Networks Limited (formerly SITI Cable Network Limited) ("the Company") as at and for the year ended March 31, 2018 we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing ('Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

#### Meaning of Internal Financial Controls over Financial Reporting

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

#### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

#### Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sumit Mahajan**

Partner

Membership No.: 504822

Place: Gurugram

Date: 17 May 2018



# STANDALONE BALANCE SHEET

as at March 31, 2018

₹ in million

|  | Note   | As at<br>March 31, 2018 | As at<br>March 31, 2017 |
|--|--------|-------------------------|-------------------------|
| <b>ASSETS</b>                          |        |                         |                         |
| <b>Non-current assets</b>              |        |                         |                         |
| a) Property, plant and equipment       | 4      | 8,552.40                | 7,709.23                |
| b) Capital work-in-progress            | 4      | 818.25                  | 2,033.91                |
| c) Other intangible assets             | 5      | 1,376.03                | 1,087.10                |
| d) Intangible assets under development | 4      | 73.37                   | 180.91                  |
| e) Financial assets                    |        |                         |                         |
| i) Investments                         | 6      | 3,520.73                | 3,893.42                |
| ii) Others                             | 7      | 720.90                  | 914.45                  |
| f) Other non-current assets            | 8      | 84.25                   | 64.80                   |
|  |        | <b>15,145.93</b>        | <b>15,883.82</b>        |
| <b>Current assets</b>                  |        |                         |                         |
| a) Inventories                         | 9      | 14.84                   | 79.39                   |
| b) Financial assets                    |        |                         |                         |
| i) Trade receivables                   | 10     | 5,181.60                | 5,200.34                |
| ii) Cash and cash equivalents          | 11     | 311.16                  | 1,002.47                |
| iii) Investments                       | 12     | -                       | 4.40                    |
| iv) Others                             | 13     | 821.56                  | 1,192.50                |
| c) Other current assets                | 14     | 1,496.65                | 1,676.87                |
|  |        | <b>7,825.81</b>         | <b>9,155.97</b>         |
| <b>Total assets</b>                    |        | <b>22,971.74</b>        | <b>25,039.79</b>        |
| <b>EQUITY AND LIABILITIES</b>          |        |                         |                         |
| <b>Equity</b>                          |        |                         |                         |
| a) Equity share capital                | 15 (a) | 872.67                  | 872.67                  |
| b) Other equity                        | 15 (c) | 2,321.48                | 4,384.80                |
|  |        | <b>3,194.15</b>         | <b>5,257.47</b>         |
| <b>Liabilities</b>                     |        |                         |                         |
| <b>Non-current liabilities</b>         |        |                         |                         |
| a) Financial liabilities               |        |                         |                         |
| i) Borrowings                          | 16     | 5,012.04                | 9,201.94                |
| ii) Other financial liabilities        | 17     | 1,247.70                | 1,982.73                |
| b) Provisions                          | 18     | 44.74                   | 50.70                   |
| c) Other non-current liabilities       | 19     | 443.73                  | 426.90                  |
|  |        | <b>6,748.21</b>         | <b>11,662.27</b>        |
| <b>Current liabilities</b>             |        |                         |                         |
| a) Financial liabilities               |        |                         |                         |
| i) Borrowings                          | 20     | 1,492.49                | 43.86                   |
| ii) Trade payables                     | 21     | 3,566.17                | 2,698.59                |
| iii) Other financial liabilities       | 22     | 7,039.40                | 4,476.95                |
| b) Provisions                          | 23     | 1.81                    | 1.34                    |
| c) Other current liabilities           | 24     | 929.51                  | 899.31                  |
|  |        | <b>13,029.38</b>        | <b>8,120.05</b>         |
| <b>Total equity and liabilities</b>    |        | <b>22,971.74</b>        | <b>25,039.79</b>        |

The accompanying notes are an integral part of these standalone financial statements.  
 This is the standalone balance sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
 Chartered Accountants  
 Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of  
**SITI Networks Limited (formerly SITI Cable Network Limited)**

**Sumit Mahajan**  
 Partner  
 Membership No. : 504822

**B.K. Syngal**  
 Independent Director

**Vinod Kumar Bakshi**  
 Independent Director

**Sanjay Berry**  
 Chief Financial Officer

**Suresh Kumar**  
 Company Secretary

Place: Gurugram  
 Date: May 17, 2018

# STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2018

|  | Note | March 31, 2018    | March 31, 2017    |
|--|------|-------------------|-------------------|
| ₹ in million   |      |                   |                   |
| <b>Income</b>  |      |                   |                   |
| Revenue from operations  | 25   | 8,378.08          | 7,736.79          |
| Other income   | 26   | 107.80            | 162.79            |
| <b>Total income</b>  |      | <b>8,485.88</b>   | <b>7,899.58</b>   |
| <b>Expenses</b>  |      |                   |                   |
| Cost of materials consumed   |      | 1.05              | 0.64              |
| Purchase of traded goods   |      | 390.49            | 809.44            |
| Carriage sharing, pay channel and related costs                                    |      | 3,990.81          | 3,808.62          |
| Employee benefits expense  | 27   | 644.62            | 618.03            |
| Finance costs  | 28   | 1,273.46          | 1,210.12          |
| Depreciation and amortisation of non-financial assets                              | 29   | 1,830.15          | 1,345.24          |
| Other expenses   | 30   | 2,364.27          | 1,752.50          |
| <b>Total expenses</b>  |      | <b>10,494.85</b>  | <b>9,544.59</b>   |
| <b>Loss before exceptional item and tax</b>  |      | <b>(2,008.97)</b> | <b>(1,645.01)</b> |
| Exceptional item   | 49   | 46.80             | 202.36            |
| <b>Loss before tax</b>   |      | <b>(2,055.77)</b> | <b>(1,847.37)</b> |
| <b>Tax expense</b>   |      |                   |                   |
| Current tax  | 43   | -                 | 2.58              |
| <b>Loss for the year</b>   |      | <b>(2,055.77)</b> | <b>(1,849.95)</b> |
| <b>Other comprehensive income</b>  |      |                   |                   |
| <b>Items that will not be reclassified to profit or loss in subsequent periods</b> |      |                   |                   |
| Remeasurement of defined benefit liability   | 34   | 1.73              | (1.31)            |
| <b>Total comprehensive income</b>  |      | <b>(2,054.04)</b> | <b>(1,851.26)</b> |
| <b>Loss per share</b>  |      |                   |                   |
| Basic and diluted loss per share   | 31   | (2.36)            | (2.12)            |

The accompanying notes are an integral part of these standalone financial statements.

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

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

**Sumit Mahajan**  
Partner  
Membership No. : 504822

Place: Gurugram  
Date: May 17, 2018

For and on behalf of the Board of Directors of  
**SITI Networks Limited (formerly SITI Cable Network Limited)**

**B.K. Syngal**  
Independent Director

**Sanjay Berry**  
Chief Financial Officer

**Vinod Kumar Bakshi**  
Independent Director

**Suresh Kumar**  
Company Secretary

# STANDALONE CASH FLOW STATEMENT

for the year ended March 31, 2018

₹ in million

|   | March 31, 2018    | March 31, 2017    |
|---|-------------------|-------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>   |                   |                   |
| <b>Loss before tax</b>  | <b>(2,055.77)</b> | <b>(1,847.37)</b> |
| <b>Adjustment for:</b>  |                   |                   |
| Depreciation and amortisation of non-financial assets                                       | 1,830.15          | 1,345.24          |
| Interest income on bank deposits  | (50.49)           | (71.52)           |
| Excess provisions written back  | (12.69)           | (36.92)           |
| Loss on sale of property, plant and equipment   | 23.98             | -                 |
| Interest expense for borrowings at amortised cost   | 1,006.37          | 934.33            |
| Amortisation of ancillary borrowing costs   | -                 | 7.97              |
| Unrealised foreign exchange loss  | 21.57             | 67.49             |
| Provision for doubtful debts  | 664.00            | 258.60            |
| Employee stock compensation expense   | (16.47)           | 30.29             |
| Measurement of investment (current, financial assets) at fair value through profit and loss | (0.02)            | 1.10              |
| Effect of recognising other expense on security deposits as per effective interest method   | 2.36              | 2.57              |
| Measurement of financial assets and financial liabilities at amortised cost                 | (8.62)            | (15.17)           |
| Measurement of optionally convertible debentures at fair value through profit and loss      | (2.29)            | 6.55              |
| Exceptional item  | 46.80             | 202.36            |
| <b>Operating profit before working capital changes</b>                                      | <b>1,448.88</b>   | <b>885.52</b>     |
| <b>Adjustments for changes in:</b>  |                   |                   |
| Increase in trade receivables   | (638.37)          | (2,390.64)        |
| Decrease/(increase) in other financial assets   | 308.49            | (246.89)          |
| Decrease/(increase) in other current and non-current assets                                 | 133.47            | (154.95)          |
| Decrease/(increase) in inventories  | 64.55             | (9.86)            |
| Decrease in other financial liabilities   | (464.17)          | (65.80)           |
| (Decrease)/increase in employee benefit obligations   | (5.49)            | 10.38             |
| Increase in other current and non-current liabilities                                       | 47.03             | 310.71            |
| Increase in trade payables  | 833.46            | 570.92            |
| <b>Cash generated from/(used in) operations</b>   | <b>1,727.85</b>   | <b>(1,090.61)</b> |
| Income taxes refund/(paid)  | 48.32             | (4.03)            |
| <b>Net cash flow generated from/(used in) operating activities</b>                          | <b>1,776.17</b>   | <b>(1,094.64)</b> |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>   |                   |                   |
| Purchase of property, plant and equipment and intangibles assets                            | (2,656.98)        | (2,933.76)        |
| Proceeds from sale of property, plant and equipment   | 4.76              | -                 |
| Redemption of optionally convertible debentures (non-current, financial asset)              | 372.69            | (0.06)            |
| Sale of investment (current, financial asset)   | 4.42              | 7.06              |
| Interest received   | 105.29            | 40.35             |
| Maturity/(investments) in bank deposits   | 201.21            | (134.95)          |
| <b>Net cash (used in) investing activities</b>  | <b>(1,968.61)</b> | <b>(3,021.36)</b> |

₹ in million

|  | March 31, 2018  | March 31, 2017    |
|--|-----------------|-------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                      |                 |                   |
| Proceeds from issuance of equity share capital                     | -               | 4.15              |
| Proceeds received against warrants issued                          | -               | 1,500.00          |
| Proceeds from borrowings (current, financial liabilities) (net)    | 1,448.63        | 43.86             |
| Proceeds from borrowings (non-current, financial liabilities)      | 2,420.97        | 5,302.41          |
| Repayment of borrowings (non-current, financial liabilities)       | (3,393.42)      | (3,604.15)        |
| Interest and ancillary borrowing costs paid                        | (975.05)        | (950.80)          |
| <b>Net cash flow generated from/(used in) financing activities</b> | <b>(498.87)</b> | <b>2,295.47</b>   |
| <b>Net decrease in cash and cash equivalents</b>                   | <b>(691.31)</b> | <b>(1,820.53)</b> |
| Cash and cash equivalents at the beginning of the year             | 1,002.47        | 2,823.00          |
| Cash and cash equivalents at the end of the year                   | <b>311.16</b>   | <b>1,002.47</b>   |

**Notes:**

₹ in million

|   | March 31, 2018 | March 31, 2017  |
|---|----------------|-----------------|
| a. Cash and cash equivalents include (refer note 11): | 25.45          | 90.43           |
| Cash on hand  | 269.94         | 889.07          |
| Balances with banks on current accounts               | 15.77          | 22.97           |
| Cheques and drafts on hand                            | <b>311.16</b>  | <b>1,002.47</b> |

## b. Amendment to Ind AS 7:

The amendments to IND AS 7 Cash flow statement requires the entities to provide disclosures that enables users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment has become effective from April 01, 2017 and the required disclosure is made below. There is no other impact on the financial statements due to this amendment.

| Particulars               | As at<br>March 31, 2017 | Cash flows<br>(Net) | Non cash changes  |                        | As at<br>March 31, 2018 |
|---------------------------|-------------------------|---------------------|---|------------------------|-------------------------|
|                           |                         |                     | The effect of<br>changes in foreign<br>exchange rates<br>(Unrealised) | Other changes<br>(EIR) |                         |
| Borrowings - Non current* | <b>12,152.67</b>        | (972.45)            | 21.57   | (2.13)                 | <b>11,199.66</b>        |
| Borrowings - Current      | <b>43.86</b>            | 1,448.63            | -   | -                      | <b>1,492.49</b>         |

\* Including current maturities of long-term borrowings and current maturities of finance lease obligations

This is the cash flow statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

**Sumit Mahajan**  
Partner  
Membership No. : 504822

For and on behalf of the Board of Directors of  
**SITI Networks Limited (formerly SITI Cable Network Limited)**

**B.K. Syngal**  
Independent Director

**Sanjay Berry**  
Chief Financial Officer

**Vinod Kumar Bakshi**  
Independent Director

**Suresh Kumar**  
Company Secretary

Place: Gurugram  
Date: May 17, 2018

# STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2018

## A Equity share capital

|   | Note | Amount        |
|---|------|---------------|
| ₹ in million  |      |               |
| <b>Balance as at April 01, 2016</b>                                     |      | <b>794.76</b> |
| Issued on conversion of warrants  | 15   | 57.14         |
| Issued on conversion of Optionally fully convertible debentures (OFCDs) | 15   | 20.63         |
| Issued on exercise of employee stock options                            | 15   | 0.14          |
| <b>Balance as at March 31, 2017</b>                                     |      | <b>872.67</b> |
| Issued during the year  | 15   | -             |
| <b>Balance as at March 31, 2018</b>                                     |      | <b>872.67</b> |

## B Other equity

|   | Reserves and surplus                          |                                      |                                    |  | Other Components of Equity      |   |  |  | Total other equity |
|---|---|--------------------------------------|------------------------------------|--|---------------------------------|---|--|--|--------------------|
|   | Securities premium reserve (refer note 15(c)) | Retained earnings (refer note 15(c)) | General reserve (refer note 15(c)) | Optionally fully convertible debentures (refer note 15(b)) | Money received against warrants | Other comprehensive Income (refer note 15(c)) | Foreign currency monetary item translation difference account (FCMITDA) (refer note 15(c)) | Employee shares based reserve (refer note 15(c)) |                    |
| ₹ in million  |   |                                      |                                    |  |                                 |   |  |  |                    |
| <b>Balance as at April 01, 2016</b>                                     | <b>13,367.14</b>                              | <b>(9,849.96)</b>                    | <b>3.23</b>                        | <b>722.00</b>  | <b>500.00</b>                   | <b>0.30</b>                                   | <b>(61.02)</b>   | <b>30.35</b>                                     | <b>4,712.04</b>    |
| Loss for the year   | -   | (1,849.95)                           | -                                  | -  | -                               | -   | -  | -  | (1,849.95)         |
| Remeasurement of defined benefit liability                              | -   | -                                    | -                                  | -  | -                               | (1.31)  | -  | -  | (1.31)             |
| <b>Total comprehensive income for the year</b>                          | <b>-</b>                                      | <b>(1,849.95)</b>                    | <b>-</b>                           | <b>-</b>   | <b>-</b>                        | <b>(1.31)</b>                                 | <b>-</b>   | <b>-</b>   | <b>(1,851.26)</b>  |
| Security premium on conversion of warrants and OFCDs into equity shares | 2,644.23                                      | -                                    | -                                  | -  | -                               | -   | -  | -  | 2,644.23           |
| Security premium on issue of shares against employee stock options      | 6.00  | -                                    | -                                  | -  | -                               | -   | -  | -  | 6.00               |
| Conversion of OFCDs into equity shares                                  | -   | -                                    | -                                  | (722.00)   | -                               | -   | -  | -  | (722.00)           |
| Money received against warrants issued                                  | -   | -                                    | -                                  | -  | 1,500.00                        | -   | -  | -  | 1,500.00           |
| Conversion of warrants into equity shares                               | -   | -                                    | -                                  | -  | (2,000.00)                      | -   | -  | -  | (2,000.00)         |
| FCMITDA created during the year   | -   | -                                    | -                                  | -  | -                               | -   | 24.32  | -  | 24.32              |
| FCMITDA amortised during the year                                       | -   | -                                    | -                                  | -  | -                               | -   | 43.17  | -  | 43.17              |
| Employee shares based reserve created                                   | -   | -                                    | -                                  | -  | -                               | -   | -  | 30.29  | 30.29              |
| Reversed on share options exercised during the year                     | -   | -                                    | -                                  | -  | -                               | -   | -  | (1.99)   | (1.99)             |
| <b>Balance as at March 31, 2017</b>                                     | <b>16,017.37</b>                              | <b>(11,699.91)</b>                   | <b>3.23</b>                        | <b>-</b>   | <b>-</b>                        | <b>(1.01)</b>                                 | <b>6.47</b>  | <b>58.65</b>                                     | <b>4,384.80</b>    |
| <b>Balance as at April 01, 2017</b>                                     | <b>16,017.37</b>                              | <b>(11,699.91)</b>                   | <b>3.23</b>                        | <b>-</b>   | <b>-</b>                        | <b>(1.01)</b>                                 | <b>6.47</b>  | <b>58.65</b>                                     | <b>4,384.80</b>    |
| Loss for the year   | -   | (2,055.77)                           | -                                  | -  | -                               | -   | -  | -  | (2,055.77)         |
| Remeasurement of defined benefit liability                              | -   | -                                    | -                                  | -  | -                               | 1.73  | -  | -  | 1.73               |
| <b>Total comprehensive income for the year</b>                          | <b>-</b>                                      | <b>(2,055.77)</b>                    | <b>-</b>                           | <b>-</b>   | <b>-</b>                        | <b>1.73</b>                                   | <b>-</b>   | <b>-</b>   | <b>(2,054.04)</b>  |
| FCMITDA created during the year   | -   | -                                    | -                                  | -  | -                               | -   | 89.16  | -  | 89.16              |
| FCMITDA amortised during the year                                       | -   | -                                    | -                                  | -  | -                               | -   | (81.97)  | -  | (81.97)            |
| Employee shares based reserve reversed                                  | -   | -                                    | -                                  | -  | -                               | -   | -  | (16.47)  | (16.47)            |
| <b>Balance as at March 31, 2018</b>                                     | <b>16,017.37</b>                              | <b>(13,755.68)</b>                   | <b>3.23</b>                        | <b>-</b>   | <b>-</b>                        | <b>0.72</b>                                   | <b>13.66</b>   | <b>42.18</b>                                     | <b>2,321.48</b>    |

The accompanying notes are an integral part of these standalone financial statements.  
This is the statement of changes in equity referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

**Sumit Mahajan**  
Partner  
Membership No. : 504822

For and on behalf of the Board of Directors of  
**SITI Networks Limited (formerly SITI Cable Network Limited)**

**B.K. Syngal**  
Independent Director

**Sanjay Berry**  
Chief Financial Officer

**Vinod Kumar Bakshi**  
Independent Director

**Suresh Kumar**  
Company Secretary

Place: Gurugram  
Date: May 17, 2018



## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018

### 1. NATURE OF OPERATIONS

SITI Networks Limited (formerly SITI Cable Network Limited) (hereinafter referred to as the 'Company' or 'SNL') was incorporated in the state of Maharashtra, India. The Company is engaged in distribution of television channels through digital cable distribution network and allied services.

### 2. GENERAL INFORMATION

SNL, is a public company incorporated and domiciled in India. Its registered office is at Unit No.38, 1<sup>st</sup> Floor, A Wing, Madhu Industrial Estate, Pandurang Budhkar Marg, Worli Mumbai-400013. The Company's shares are listed on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

#### a) Overall consideration and basis of preparation

The standalone financial statements have been prepared in accordance with the accounting principals generally accepted in India, including the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These standalone financial statements have been prepared using the significant accounting policies and measurement bases summarised below. These accounting policies have been used consistently throughout all periods presented in these standalone financial statements.

The standalone financial results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on May 17, 2018.

The Company continued to incur losses, during year ended March 31, 2018 but in view of the present positive net worth, expected substantial subscription revenue growth and continued financial support from certain stakeholders of the Company, the financial statements continue to be prepared on a going concern basis.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013.

#### b) Foreign currency translation

##### Functional and presentation currency

These standalone financial statements are presented in currency Indian Rupee (₹), which is also the functional currency of the Company.

#### Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (spot exchange rate).

Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

#### c) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Company and it can be reliably measured.

Revenue is measured at the fair value of the consideration received/receivable net of rebates and taxes. The Company applies the revenue recognition criteria to each separately identifiable component of the sales transaction as set out below.

##### Revenue from rendering of services

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

Other networking and management income and carriage income are recognised on accrual basis as per the terms of related agreements and when no significant uncertainty exists regarding the amount of consideration that will be derived. Carriage revenue recognition is done basis negotiations/formal agreements with broadcasters.

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

Activation and set top boxes pairing charges are recognised as revenue to the extent it relates to pairing and issue of the related boxes and when no significant uncertainty exists regarding the amount of consideration that will be derived and the upfront obligation is discharged. Where part of the revenues collected at the time of activation relates to future services to be provided by the Company, a part of activation revenue is deferred and recognised over the expected customer life.

Income from rendering technical services and broadband services are recognised on accrual basis.

##### Revenue from sale set top box (STBs) & viewing cards (VCs)

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)/goods and services tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

**Interest**

Interest income is reported on an accrual basis using the effective interest method.

**d) Operating expenses**

Operating expenses are recognised in profit or loss upon utilisation of the related service or as incurred.

**e) Borrowing costs**

Borrowing costs include 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 a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalisation of borrowing cost is suspended in the period during which the active development is delayed due to, other than temporary, interruption. All other borrowing costs are charged to profit or loss as incurred.

**f) Property, plant and equipment**

**Recognition and initial measurement**

Property, plant and equipment are stated at their cost of acquisition less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price (net of CENVAT/GST credit availed), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted.

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.

All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

Set top boxes are treated as part of capital work in progress till the end of the month of activation thereof post which the same are depreciated.

**Subsequent measurement (depreciation and useful lives)**

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives.

|   | <b>life in years</b> |
|---|----------------------|
| Buildings                                   | 60                   |
| Plant and equipment                         | 8                    |
| Computers                                   | 3                    |
| Office equipment                            | 5                    |
| Furniture and fixtures                      | 10                   |
| Air conditioners                            | 5                    |
| Studio equipment                            | 13                   |
| Vehicles                                    | 8                    |
| Set top boxes                               | 8                    |
| Integrated receiver and decoder (IRD) boxes | 10                   |

Leasehold improvements are amortised over their lease term or estimated useful lives, whichever is less.

Leasehold land is amortised over the effective period of lease.

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.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

**De-recognition**

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition (calculated as the difference between the net disposal proceeds and its carrying amount) is included in the profit or loss when the respective asset is derecognised.

**g) Intangible assets**

**Recognition and initial measurement**

Intangible assets acquired separately are stated at their cost of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

**Subsequent measurement**

Goodwill is not amortised but it is tested for impairment at least annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Software are amortised over a period of six years on straight-line-basis.

Cost of news, current affairs, chat shows and events including sports events etc. are fully expensed on first telecast.

Program, film and cable rights are amortised on a straight-line basis over the license period or 60 months from the date of purchase, whichever is shorter.

Subsequent expenditures on the maintenance of intangible assets are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the respective intangible asset, and is recognised in profit or loss.

#### h) Impairment of non-financial 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. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss.

If at the reporting 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 Comprehensive Income.

Goodwill is tested for impairment annually when circumstances indicate that the carrying value may be impaired.

#### i) Financial instruments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments and are measured initially at:

- a) fair value, in case of financial instruments subsequently carried at fair value through profit or loss (FVTPL);
- b) fair value adjusted for transaction costs, in case of all other financial instruments.

##### Subsequent measurement

**Financial instruments at amortised cost** - the financial instrument is measured at the amortised cost if both the following conditions are met:

- i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

All other debt instruments are measured at fair value through other comprehensive income or FVTPL based on Company's business model.

**Equity investments** - All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification is made on initial recognition and is irrevocable.

**Mutual funds** - All mutual funds in scope of Ind-AS 109 are measured at FVTPL.

##### De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

##### Financial liabilities

###### Initial recognition and measurement

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortised cost.

###### Subsequent measurement

Subsequent to initial recognition, these liabilities are measured at amortised cost using the EIR method.

###### De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in statement of profit or loss.

###### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

###### Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss ('ECL') model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. When estimating the cash flows, the Company consider the following

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### **Trade receivables**

As a practical expedient the Company has adopted 'simplified approach' for recognition of lifetime expected loss on trade receivables. The estimate is based on three years average default rates observed over the expected life of the trade receivables and is adjusted for forward-looking estimates. These average default rates are applied on total credit risk exposure on trade receivables at the reporting date to determine lifetime expected credit losses.

#### **Other financial assets**

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

### **j) Post-employment, long term and short term employee benefits**

#### **Defined contribution plans**

##### **Provident fund**

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has further payment obligation once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

#### **Defined benefit plans**

##### **Gratuity**

Gratuity is a post-employment benefit and is in the nature of a defined benefit plan. The liability recognised in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of other comprehensive income in the year in which such gains or losses are determined.

#### **Other employee benefits**

##### **Compensated absences**

Liability in respect of compensated absences becoming due or expected to be availed within one year from the date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the Balance Sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the year in which such gains or losses are determined.

#### **Short term employee benefits**

Short-term employee benefits, are current liabilities, measured at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

### **k) Share based employee remuneration**

The Company operates equity-settled share-based remuneration plans for its employees, where the fair value of employee's services is determined indirectly by reference to the fair value of the equity instruments granted.

This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions). All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to ESOP reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as securities premium.

### **l) Provisions, contingent assets and contingent liabilities**

Provisions are recognised only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

#### **Contingent liability is disclosed for:**

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are disclosed when probable and recognised when realisation of income is virtually certain.



#### m) Earnings per share

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. The weighted average number of equity shares outstanding during the year is adjusted for the effects of mandatorily convertible instrument in compliance with Ind AS 33.

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.

#### n) Leases

##### Where the Company is a lessee

##### Finance leases

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include i) the length of the lease term in relation to the economic life of the asset ii) the present value of the minimum lease payments in relation to the asset's fair value and iii) whether the Company obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interest. If the minimum lease payments cannot be allocated reliably between the two components, entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

##### Operating leases

Where the company is a lessee, Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Associated costs such as maintenance and insurance are expensed as incurred.

##### Where the Company is a lessor

##### Operating leases

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

#### o) Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year. Deferred income taxes are calculated using the liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

#### p) 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.

#### q) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company is a multi-system operator providing cable television network services and allied services which is considered as the only reportable segment. The Company's operations are based in India.

#### r) Significant management judgement in applying accounting policies and estimation uncertainty

These standalone financial statements have been prepared in accordance with generally accepted accounting principles in India which require management to make estimates and assumptions that affect the reported balances of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the periods. Although these estimates and assumptions used in accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of date of these standalone financial statements which in management's opinion are prudent and reasonable, actual results may differ from estimates and assumptions used in preparing accompanying financial statements. Any revision to accounting estimates is recognised prospectively from the period in which results are known materialise in accordance with applicable Accounting Standards.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.



### Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect.

**Recognition of deferred tax assets** - The extent to which deferred tax assets can be recognised is based on the assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilised.

**Evaluation of indicators for impairment of non-financial assets** - The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Property, plant and equipment** - Management assess the remaining useful lives and residual values of property, plant and equipment and believes that the assigned useful lives and residual values are reasonable.

### Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below:

**Recoverability of advances/receivables**- The management from time to time reviews the recoverability of advances and receivables. The review is done at least once in a financial year and such assessment requires significant management judgement based on financial position of the counter-parties, market information and other relevant factors.

**Defined benefit obligation**- Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may impact the defined benefit obligation amount and the annual defined benefit expenses.

**Contingencies**- Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies, claim, litigations etc against the Company as it is not possible to predict the outcome of pending matters with accuracy.

### Fair value measurement

The Company measures certain financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Company uses following measurement techniques:

- The fair value measurement for financial instruments where active market quotes are available is based on the

quotes available in the principal market for selling the asset or transferring the liability.

- The Company uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.
- The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Refer Note 37 B for Fair Value Hierarchy.

### s) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition. Cash and cash equivalent are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

### t) Equity and reserves

Share capital represents the nominal (par) value of shares that have been issued.

Securities premium includes any premium received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from securities premium, net of any related income tax benefits.

Other components of equity include the following:

Re-measurement of net defined benefit liability-comprises the actuarial losses from changes in demographic and financial assumptions and the return on plan assets (refer note 35)

Retained earnings includes all current and prior period retained profits and share-based employee remuneration (refer note 15)

All transactions with owners of the parent are recorded separately within equity.

### u) Recent accounting pronouncements

**Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:** On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the

transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018.

**Ind AS 115- Revenue from Contract with Customers:**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors;
- Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company is in the process of evaluating the impact of adoption of Ind AS 115 on its financial statements.

#### 4 PROPERTY, PLANT AND EQUIPMENT

|   | Buildings    | Plant and equipment | Computers     | Office equipment | Furniture and fixtures | Air conditioners | Studio equipment | Vehicles     | Leasehold improvements | Set top boxes    | IRD boxes   | Total            |
|---|--------------|---------------------|---------------|------------------|------------------------|------------------|------------------|--------------|------------------------|------------------|-------------|------------------|
| ₹ in million                                    |              |                     |               |                  |                        |                  |                  |              |                        |                  |             |                  |
| <b>Gross carrying amount</b>                    |              |                     |               |                  |                        |                  |                  |              |                        |                  |             |                  |
| Balance as at April 01, 2016                    | 25.31        | 3,233.48            | 96.63         | 32.65            | 20.54                  | 15.14            | 33.47            | 14.95        | 53.62                  | 6,783.30         | 1.26        | 10,310.35        |
| Additions                                       | -            | 1,049.54            | 6.18          | 1.25             | 1.05                   | -                | -                | 5.12         | -                      | 1,685.71         | -           | 2,748.85         |
| <b>Balance as at March 31, 2017</b>             | <b>25.31</b> | <b>4,283.02</b>     | <b>102.81</b> | <b>33.90</b>     | <b>21.59</b>           | <b>15.14</b>     | <b>33.47</b>     | <b>20.07</b> | <b>53.62</b>           | <b>8,469.01</b>  | <b>1.26</b> | <b>13,059.20</b> |
| <b>Gross carrying amount</b>                    |              |                     |               |                  |                        |                  |                  |              |                        |                  |             |                  |
| Balance as at March 31, 2017                    | 25.31        | 4,283.02            | 102.81        | 33.90            | 21.59                  | 15.14            | 33.47            | 20.07        | 53.62                  | 8,469.01         | 1.26        | 13,059.20        |
| Additions                                       | -            | 191.25              | 13.17         | 0.11             | 0.18                   | -                | -                | -            | -                      | 2,190.02         | -           | 2,394.73         |
| Disposals                                       | -            | 6.07                | -             | -                | -                      | -                | -                | -            | -                      | 117.35           | -           | 123.42           |
| <b>Balance as at March 31, 2018</b>             | <b>25.31</b> | <b>4,468.20</b>     | <b>115.98</b> | <b>34.01</b>     | <b>21.77</b>           | <b>15.14</b>     | <b>33.47</b>     | <b>20.07</b> | <b>53.62</b>           | <b>10,541.68</b> | <b>1.26</b> | <b>15,330.51</b> |
| <b>Accumulated depreciation</b>                 |              |                     |               |                  |                        |                  |                  |              |                        |                  |             |                  |
| Balance as at April 01, 2016                    | 8.03         | 1,997.39            | 83.81         | 25.85            | 14.80                  | 11.98            | 25.63            | 10.82        | 45.66                  | 1,988.45         | 0.66        | 4,213.08         |
| Charge for the year                             | 0.39         | 271.42              | 5.33          | 2.32             | 1.12                   | -                | 0.60             | 1.32         | 1.97                   | 852.42           | -           | 1,136.89         |
| <b>Balance as at March 31, 2017</b>             | <b>8.42</b>  | <b>2,268.81</b>     | <b>89.14</b>  | <b>28.17</b>     | <b>15.92</b>           | <b>11.98</b>     | <b>26.23</b>     | <b>12.14</b> | <b>47.63</b>           | <b>2,840.87</b>  | <b>0.66</b> | <b>5,349.97</b>  |
| <b>Accumulated depreciation</b>                 |              |                     |               |                  |                        |                  |                  |              |                        |                  |             |                  |
| Balance as at March 31, 2017                    | 8.42         | 2,268.81            | 89.14         | 28.17            | 15.92                  | 11.98            | 26.23            | 12.14        | 47.63                  | 2,840.87         | 0.66        | 5,349.97         |
| Charge for the year                             | 0.39         | 325.29              | 6.51          | 2.44             | 1.16                   | -                | 0.59             | 1.50         | 1.37                   | 1,183.58         | -           | 1,522.83         |
| Disposals                                       | -            | 4.10                | -             | -                | -                      | -                | -                | -            | -                      | 90.59            | -           | 94.69            |
| <b>Balance as at March 31, 2018</b>             | <b>8.81</b>  | <b>2,590.00</b>     | <b>95.65</b>  | <b>30.61</b>     | <b>17.08</b>           | <b>11.98</b>     | <b>26.82</b>     | <b>13.64</b> | <b>49.00</b>           | <b>3,933.86</b>  | <b>0.66</b> | <b>6,778.11</b>  |
| <b>Net carrying amount as at March 31, 2017</b> | <b>16.89</b> | <b>2,014.21</b>     | <b>13.67</b>  | <b>5.73</b>      | <b>5.67</b>            | <b>3.16</b>      | <b>7.24</b>      | <b>7.93</b>  | <b>5.99</b>            | <b>5,628.14</b>  | <b>0.60</b> | <b>7,709.23</b>  |
| <b>Net carrying amount as at March 31, 2018</b> | <b>16.50</b> | <b>1,878.20</b>     | <b>20.33</b>  | <b>3.40</b>      | <b>4.69</b>            | <b>3.16</b>      | <b>6.65</b>      | <b>6.43</b>  | <b>4.62</b>            | <b>6,607.82</b>  | <b>0.60</b> | <b>8,552.40</b>  |

**Note a)** Capital work-in-progress and intangible assets under development include set top boxes, viewing cards (softwares) and plant and equipment amounting to ₹ 523.02 million, ₹ 73.37 million and ₹ 295.23 million respectively (previous year: ₹ 1,849.21 million, ₹ 180.91 million and ₹ 184.70 million respectively) which are yet to be installed.

**Note b)** For details related to assets pledged as security, refer note 46.

**Note c)** Refer note 36 for Vehicle finance lease.

**Note d)** The Company has been capitalising the foreign exchange differences on gross block of Set top boxes amounting to ₹ 6.51 million (previous year: ₹ (64.36) million) and Capital work in progress amounting to ₹ Nil (previous year: ₹ (11.47) million).

## 5 OTHER INTANGIBLE ASSETS

₹ in million

|   | Goodwill     | Program, film and cable rights | Software        | Total           |
|---|--------------|--------------------------------|-----------------|-----------------|
| <b>Gross carrying amount</b>                    |              |                                |                 |                 |
| Balance as at April 01, 2016                    | 11.31        | 50.35                          | 1,156.02        | 1,217.68        |
| Additions                                       | -            | -                              | 483.81          | 483.81          |
| <b>Balance as at March 31, 2017</b>             | <b>11.31</b> | <b>50.35</b>                   | <b>1,639.83</b> | <b>1,701.49</b> |
| <b>Gross carrying amount</b>                    |              |                                |                 |                 |
| Balance as at March 31, 2017                    | 11.31        | 50.35                          | 1,639.83        | 1,701.49        |
| Additions                                       | -            | -                              | 596.25          | 596.25          |
| <b>Balance as at March 31, 2018</b>             | <b>11.31</b> | <b>50.35</b>                   | <b>2,236.08</b> | <b>2,297.74</b> |
| <b>Accumulated amortisation</b>                 |              |                                |                 |                 |
| Balance as at April 01, 2016                    | 10.74        | 49.49                          | 345.81          | 406.04          |
| Charge for the year                             | -            | -                              | 208.35          | 208.35          |
| <b>Balance as at March 31, 2017</b>             | <b>10.74</b> | <b>49.49</b>                   | <b>554.16</b>   | <b>614.39</b>   |
| <b>Accumulated amortisation</b>                 |              |                                |                 |                 |
| Balance as at March 31, 2017                    | 10.74        | 49.49                          | 554.16          | 614.39          |
| Charge for the year                             | -            | -                              | 307.32          | 307.32          |
| <b>Balance as at March 31, 2018</b>             | <b>10.74</b> | <b>49.49</b>                   | <b>861.48</b>   | <b>921.71</b>   |
| <b>Net carrying amount as at March 31, 2017</b> | <b>0.57</b>  | <b>0.86</b>                    | <b>1,085.67</b> | <b>1,087.10</b> |
| <b>Net carrying amount as at March 31, 2018</b> | <b>0.57</b>  | <b>0.86</b>                    | <b>1,374.60</b> | <b>1,376.03</b> |

₹ in million

|   | As at<br>March 31, 2018 | As at<br>March 31, 2017 |
|---|-------------------------|-------------------------|
| <b>6 INVESTMENTS</b>  |                         |                         |
| <b>Investment in equity shares (trade, unquoted)</b>  |                         |                         |
| <b>Subsidiary companies</b>   |                         |                         |
| 51,831,000 (previous year: 51,831,000) equity shares of ₹ 10 each fully paid up of Indian Cable Net Company Limited                 | 2,361.14                | 2,361.14                |
| 50,000 (previous year: 50,000) equity shares of ₹ 10 each fully paid up of Central Bombay Cable Network Limited                     | 13.53                   | 13.53                   |
| 753,587 (previous year : 753,587) equity shares of ₹ 10 each fully paid up of Siti Vision Digital Media Private Limited             | 82.39                   | 82.39                   |
| 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                    |

₹ in million

|  | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| 5,100 (previous year: 5,100) equity shares of ₹ 10 each fully paid up of Siti Global Private Limited   | 0.05                            | 0.05                            |
| 10,000 (previous year: 10,000) equity shares of ₹ 10 each fully paid up of Siti Broadband Services Private Limited   | 0.10                            | 0.10                            |
| 5,100 (previous year: 5,100) equity shares of ₹ 10 each fully paid up of Siti Karnal Digital Media Network Private Limited   | 0.05                            | 0.05                            |
| 5,100 (previous year: 5,100) equity shares of ₹ 10 each fully paid up of Siti Siri Digital Network Private Limited (formerly Siri Digital Network Private Limited)   | 0.05                            | 0.05                            |
| 10,200 (previous year: 10,200) equity shares of ₹ 10 each fully paid up of Siti Prime Uttaranchal Communication Private Limited (Formerly Capital Digital Multimedia Network Private Limited)                        | 24.99                           | 24.99                           |
| 5,100 (previous year: 5,100) equity shares of ₹ 10 each fully paid up of Siti Saistar Digital Media Private Limited (formerly known as Saistar Digitalmedia Private Limited)   | 14.61                           | 14.61                           |
| 5,100 (previous year: 5,100) equity shares of ₹ 10 each fully paid up of Siti Sagar Digital Cable Network Private Limited (formerly Panchsheel Digital Communication Network Private Limited)                        | 2.48                            | 2.48                            |
| 5,100 (previous year: 5,100) equity shares of ₹ 10 each fully paid up of Siti Godaari Digital Services Private Limited (formerly Bargachh Digital Communication Network Private Limited)                             | 9.94                            | 9.94                            |
| 1,000 (previous year: 1,000) equity shares of ₹ 100 each fully paid up of Variety Entertainment Private Limited  | 7.50                            | 7.50                            |
| <b>Jointly ventures</b>  |                                 |                                 |
| 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                            |
| 4,800 (previous year: 4,800 ) equity shares of ₹ 10 each fully paid up of C&S Medianet Private Limited   | 0.05                            | 0.05                            |
| <b>Investment in optionally convertible debenture at fair value through profit and loss (Trade, unquoted)</b>  |                                 |                                 |
| 744,900,000 (previous year: 744,900,000) 0.01%, cumulative optionally convertible debentures of ₹ 1 each fully paid up of Siti Siri Digital Network Private Limited (formerly Siri Digital Network Private Limited)  | 735.86                          | 736.91                          |
| 231,300,000 (previous year: 231,300,000) 0.01%, cumulative optionally convertible debentures of ₹ 1 each fully paid up of Siti Saistar Digital Media Private Limited (formerly Saistar Digitalmedia Private Limited) | 231.50                          | 231.89                          |
| Nil (previous year: 234,000,000) 0.01%, cumulative optionally convertible debentures of ₹ 1 each fully paid up of Variety Entertainment Private Limited  | -                               | 234.48                          |
| Nil (previous year: 136,400,000) 0.01%, cumulative optionally convertible debentures of ₹ 1 each fully paid up of Siti Broadband Services Private Limited  | -                               | 136.77                          |
|  | <b>3,520.73</b>                 | <b>3,893.42</b>                 |
| <b>Investment other than investment in subsidiaries and joint ventures</b>   |                                 |                                 |
| <b>Investment in equity shares (trade, unquoted)</b>   |                                 |                                 |
| 480 (previous year: 480) equity shares of ₹ 100 each fully paid up of Master Ads Private Limited   | 0.05                            | 0.05                            |
| 9,500 (previous year: 9,500) equity shares of ₹ 10 each fully paid up of Dakshin Communications Private Limited  | 1.77                            | 1.77                            |
| 3,000 (previous year: 3,000) equity shares of ₹ 10 each fully paid up of Centre Channel Private Limited  | 0.23                            | 0.23                            |
| Less: Aggregate amount of impairment in value of investments   | (2.05)                          | (2.05)                          |
|  | -                               | -                               |
|  | <b>3,520.73</b>                 | <b>3,893.42</b>                 |
| Aggregate amount of unquoted investments   | 3,522.78                        | 3,895.47                        |
| Aggregate amount of impairment in value of investments   | 2.05                            | 2.05                            |



₹ in million

|   | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|---|---------------------------------|---------------------------------|
| <b>7 OTHERS (NON-CURRENT, FINANCIAL ASSETS)</b>                       |                                 |                                 |
| <b>Unsecured, considered good</b>                                     |                                 |                                 |
| Margin money deposit (pledged) and deposit with statutory authorities | 642.14                          | 843.35                          |
| Security deposits   | 78.76                           | 71.10                           |
|   | <b>720.90</b>                   | <b>914.45</b>                   |

₹ in million

|   | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|---|---------------------------------|---------------------------------|
| <b>8 OTHER NON-CURRENT ASSETS (NON-FINANCIAL)</b> |                                 |                                 |
| <b>Unsecured, considered good</b>                 |                                 |                                 |
| Prepaid expenses                                  | 31.18                           | 32.74                           |
| Capital advances                                  | 53.07                           | 32.06                           |
|   | <b>84.25</b>                    | <b>64.80</b>                    |

₹ in million

|                      | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|----------------------|---------------------------------|---------------------------------|
| <b>9 INVENTORIES</b> |                                 |                                 |
| Stores and spares    | 14.84                           | 79.39                           |
|                      | <b>14.84</b>                    | <b>79.39</b>                    |

₹ in million

|  | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| <b>10 TRADE RECEIVABLES</b>                |                                 |                                 |
| Unsecured, considered good                 | 5,181.60                        | 5,200.34                        |
| Unsecured, considered doubtful             | 2,362.83                        | 1,985.43                        |
| Less: Allowance for expected credit losses | (2,362.83)                      | (1,985.43)                      |
|  | <b>5,181.60</b>                 | <b>5,200.34</b>                 |

For amounts due and terms and conditions relating to related party receivables see note 38.

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. No trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

₹ in million

|   | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|---|---------------------------------|---------------------------------|
| <b>11 CASH AND CASH EQUIVALENTS</b>     |                                 |                                 |
| Cash on hand                            | 25.45                           | 90.43                           |
| Balances with banks on current accounts | 269.94                          | 889.07                          |
| Cheques and drafts on hand              | 15.77                           | 22.97                           |
|   | <b>311.16</b>                   | <b>1,002.47</b>                 |

₹ in million

|  | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| <b>12 INVESTMENTS (CURRENT, FINANCIAL ASSETS)</b>  |                                 |                                 |
| <b>Investment in mutual fund at fair value through profit and loss (non trade, trade quoted)</b>                 |                                 |                                 |
| Nil (previous year: 250,404) units of face value of ₹ 10 each of ICICI Prudential Flexible Income Premium Growth | -                               | 4.40                            |
|  | -                               | <b>4.40</b>                     |
| Aggregate amount of  |                                 |                                 |
| Quoted investments   | -                               | 4.40                            |
| Market value of quoted investment  | -                               | 4.40                            |

₹ in million

|  | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| <b>13 OTHERS (CURRENT, FINANCIAL ASSETS)</b>   |                                 |                                 |
| <b>Unsecured, considered good</b>              |                                 |                                 |
| Amounts recoverable                            | 92.21                           | 794.18                          |
| Interest accrued and not due on fixed deposits | 28.95                           | 83.75                           |
| Unbilled revenues                              | 696.68                          | 312.52                          |
| Security deposits                              | 3.72                            | 2.05                            |
|  | <b>821.56</b>                   | <b>1,192.50</b>                 |

₹ in million

|   | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|---|---------------------------------|---------------------------------|
| <b>14 OTHER CURRENT ASSETS (NON-FINANCIAL)</b>            |                                 |                                 |
| <b>Unsecured, considered good unless otherwise stated</b> |                                 |                                 |
| Balances with Government authorities                      | 690.89                          | 434.95                          |
| Taxes paid  | 472.14                          | 520.46                          |
| Prepaid expenses  | 41.50                           | 20.44                           |
| Amounts recoverable                                       | 292.12                          | 701.02                          |
| Amounts recoverable (considered doubtful)                 | 538.42                          | 637.87                          |
| Less: Impairment allowance                                | (538.42)                        | (637.87)                        |
|   | <b>1,496.65</b>                 | <b>1,676.87</b>                 |

₹ in million

|  | As at<br>March 31, 2018 | As at<br>March 31, 2017 |
|--|-------------------------|-------------------------|
| <b>15 (a) EQUITY SHARE CAPITAL</b>   |                         |                         |
| <b>Authorised share capital</b>  |                         |                         |
| 1,290,000,000 (previous year: 1,290,000,000) equity shares of ₹ 1 each                       | 1,290.00                | 1,290.00                |
| 10,000,000 (previous year: 10,000,000) preference shares of ₹ 1 each                         | 10.00                   | 10.00                   |
| <b>Total authorised capital</b>  | <b>1,300.00</b>         | <b>1,300.00</b>         |
| <b>Issued share capital</b>  |                         |                         |
| 873,280,971 (previous year: 873,280,971) equity shares of ₹ 1 each                           | 873.28                  | 873.28                  |
| 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>872.07</b>           | <b>872.07</b>           |
| <b>Subscribed and fully paid up capital</b>  |                         |                         |
| 872,053,848 (previous year: 872,053,848) equity shares of ₹ 1 each fully paid up             | 872.05                  | 872.05                  |
| <b>Total paid up capital</b>   | <b>872.05</b>           | <b>872.05</b>           |
| Forfeited equity shares 1,227,123 (previous year: 1,227,123) equity shares of ₹ 1 each       | 0.62                    | 0.62                    |
|  | <b>872.67</b>           | <b>872.67</b>           |

**(A) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**
**Equity shares**

|  | March 31, 2018     |               | March 31, 2017     |               |
|--|--------------------|---------------|--------------------|---------------|
|  | No. of shares      | ₹ in million  | No. of shares      | ₹ in million  |
| Balance at the beginning of the year   | 872,053,848        | 872.05        | 794,147,420        | 794.14        |
| <b>Add:</b>  |                    |               |                    |               |
| Issued on conversion of warrants (refer note 15(E))                                | -                  | -             | 57,142,857         | 57.14         |
| Issued on conversion of Optionally Fully Convertible Debentures (refer note 15(b)) | -                  | -             | 20,628,571         | 20.63         |
| Issued on exercise of employee stock options                                       | -                  | -             | 135,000            | 0.14          |
| <b>Balance at the end of the year</b>  | <b>872,053,848</b> | <b>872.05</b> | <b>872,053,848</b> | <b>872.05</b> |

**Preference shares**

There is no movement in preference share capital.

**(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.

**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 was extended by a period of five years till December 29, 2016 which has been further extended for period of five years till December 29, 2021 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. These instruments are accounted for as liability in accordance with the Ind AS.

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

|                          | As at March 31, 2018 |              | As at March 31, 2017 |              |
|--------------------------|----------------------|--------------|----------------------|--------------|
|                          | No. of shares        | % of holding | No. of shares        | % of holding |
| <b>Preference shares</b> |                      |              |                      |              |
| Churu Enterprises LLP    | 23,436               | 100%         | 23,436               | 100%         |

|   | As at March 31, 2018 |              | As at March 31, 2017 |              |
|---|----------------------|--------------|----------------------|--------------|
|   | No. of shares        | % of holding | No. of shares        | % of holding |
| <b>Equity shares</b>  |                      |              |                      |              |
| Bioscope Cinemas Private Limited  | 112,008,946          | 12.84%       | 112,008,946          | 12.84%       |
| Direct Media Solutions LLP (formerly known as Direct Media Solutions Private Limited) | 121,000,000          | 13.88%       | 121,000,000          | 13.88%       |
| Essel International Limited   | -                    | -            | 47,013,828           | 5.39%        |
| Essel Media Ventures Limited  | 43,166,665           | 4.95%        | 75,828,755           | 8.70%        |
| Digital Satellite Holdings Private Limited  | 151,045,816          | 17.32%       | 71,369,898           | 8.18%        |
| Direct Media and Cable Private Limited  | 85,714,285           | 9.83%        | 85,714,285           | 9.83%        |
| Arrow Media and Broadband Private Limited   | 57,142,857           | 6.55%        | 57,142,857           | 6.55%        |
| Digital Satellite Media & Broadband Private Limited                                   | 51,428,571           | 5.90%        | 51,428,571           | 5.90%        |

**(D) 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 35.

**(E) Terms of securities convertible into equity shares issued along with earliest date of conversion.**

The Company had originally issued 142,857,142 warrants on preferential basis upon payment of a consideration of ₹ 35 per warrant. Each warrant was convertible into one equity share of ₹ 1 each at a premium of ₹ 34 per share. Holders of such warrants had an option to convert these warrants into equity shares upon payment of aforesaid consideration on or before eighteen months from the date of allotment of warrants viz February 19, 2016. During the year ended March 31, 2017, at request of holders of such warrants, the Company had converted 57,142,857 warrants into equity shares resulting in increase in equity share capital by ₹ 57.14 million.

**(F)** No shares were issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issue or brought back during the current and last five years. During the year ended March 31, 2017, equity shares were issued on conversion of fully-paid up warrants and OFCDs.

₹ in million

|  | As at<br>March 31, 2018 | As at<br>March 31, 2017 |
|--|-------------------------|-------------------------|
| <b>15 (b) INSTRUMENTS ENTIRELY IN THE NATURE OF EQUITY</b> |                         |                         |
| Optionally Fully Convertible Debenture ('OFCDs')           |                         |                         |
| Opening balance  | -                       | 722.00                  |
| Issue of optionally fully convertible debenture            | -                       | -                       |
| Conversion of OFCDs into equity shares                     | -                       | 722.00                  |
| <b>Closing balance</b>                                     | <b>-</b>                | <b>-</b>                |

The Company had originally issued 51,428,571 Optionally Fully Convertible Debenture ('OFCDs') on preferential basis upon payment of a consideration of ₹ 35 per OFCD. Each convertible OFCD was convertible into one equity share of ₹ 1 each at a premium of ₹ 34 per share. Holders of such OFCDs had an option to convert these OFCDs into equity shares upon payment of aforesaid consideration on or before eighteen months from the date of allotment of OFCDs, viz. February 19, 2016. During the year ended March 31, 2017, the Company had converted 20,628,571 OFCDs into equity shares pursuant to the exercise of option resulting in increase in equity share capital by ₹ 20.63 million. This instrument meets the definition of equity, in accordance with Ind AS 32, as there is no obligation to transfer cash or any other financial asset or issue a variable number of shares.

|   | ₹ in million            |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2018 | As at<br>March 31, 2017 |
| <b>15 (c) OTHER EQUITY</b>  |                         |                         |
| Securities premium reserve  | 16,017.37               | 16,017.37               |
| Retained earnings   | (13,755.68)             | (11,699.91)             |
| General reserve   | 3.23                    | 3.23                    |
| Other comprehensive income  | 0.72                    | (1.01)                  |
| Foreign currency monetary item translation difference account (FCMITDA) | 13.66                   | 6.47                    |
| Employee shares based reserve   | 42.18                   | 58.65                   |
|   | <b>2,321.48</b>         | <b>4,384.80</b>         |

**A Notes:**

|  | ₹ in million       |                    |
|--|--------------------|--------------------|
| Particulars  | March 31, 2018     | March 31, 2017     |
| <b>1 Securities premium reserve</b>  |                    |                    |
| Opening balance  | 16,017.37          | 13,367.14          |
| Addition during the year   | -                  | 2,650.23           |
| <b>Closing balance</b>   | <b>16,017.37</b>   | <b>16,017.37</b>   |
| <b>2 Retained earnings</b>   |                    |                    |
| Opening balance  | (11,699.91)        | (9,849.96)         |
| Addition during the year   | (2,055.77)         | (1,849.95)         |
| <b>Closing balance</b>   | <b>(13,755.68)</b> | <b>(11,699.91)</b> |
| <b>3 General reserve</b>   |                    |                    |
| Opening balance  | 3.23               | 3.23               |
| Addition during the year   | -                  | -                  |
| <b>Closing balance</b>   | <b>3.23</b>        | <b>3.23</b>        |
| <b>4 Other comprehensive Income</b>  |                    |                    |
| Opening balance  | (1.01)             | 0.30               |
| Addition during the year   | 1.73               | (1.31)             |
| <b>Closing balance</b>   | <b>0.72</b>        | <b>(1.01)</b>      |
| <b>5 Foreign currency monetary item translation difference account (FCMITDA)</b> |                    |                    |
| Opening balance  | 6.47               | (61.02)            |
| Addition during the year   | 7.19               | 67.49              |
| <b>Closing balance</b>   | <b>13.66</b>       | <b>6.47</b>        |
| <b>6 Employee shares based reserve</b>   |                    |                    |
| Opening balance  | 58.65              | 30.35              |
| Addition during the year   | (16.47)            | 28.30              |
| <b>Closing balance</b>   | <b>42.18</b>       | <b>58.65</b>       |

**B Nature and purpose of reserves:**
**1 Securities premium reserve**

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Act.

**2 Retained earnings**

Retained earnings represent the accumulated earnings net of losses if any made by the Company over the years.

**3 General reserve**

General Reserve is a free reserve which is created by transferring funds from retained earnings to meet future obligations or purposes.

**4 Other comprehensive Income**

Other comprehensive Income includes actuarial gain/(loss) recognise in respective financial year.



## 5 Foreign currency monetary item translation difference account (FCMITDA)

FCMITDA is created for recording exchange differences arising on restatement of long term foreign currency monetary items, other than for acquisition of fixed assets, and is being amortised over the maturity period of such monetary items.

## 6 Employee shares based reserve

The reserve is used to recognised the grant date fair value of the options issued to employees under Company's employee stock option plan.

₹ in million

|   | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|---|---------------------------------|---------------------------------|
| <b>16 BORROWINGS (NON-CURRENT, FINANCIAL LIABILITIES)</b> |                                 |                                 |
| Secured loans from banks                                  | 5,009.54                        | 6,269.94                        |
| Buyer's credit  | -                               | 2,928.56                        |
| Long-term maturities of finance lease obligations         | 2.48                            | 3.42                            |
| Redeemable preference shares (Refer note 15)              | 0.02                            | 0.02                            |
|   | <b>5,012.04</b>                 | <b>9,201.94</b>                 |

₹ in million

|  | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| <b>17 OTHER FINANCIAL LIABILITIES (NON-CURRENT)</b>    |                                 |                                 |
| Security deposits received from customers              | 43.54                           | 41.63                           |
| Payables for purchase of property, plant and equipment | 1,204.16                        | 1,941.10                        |
|  | <b>1,247.70</b>                 | <b>1,982.73</b>                 |

₹ in million

|  | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| <b>18 PROVISIONS (NON-CURRENT)</b>     |                                 |                                 |
| Provision for gratuity (refer note 34) | 24.18                           | 29.03                           |
| Provision for compensated absences     | 20.56                           | 21.67                           |
|  | <b>44.74</b>                    | <b>50.70</b>                    |

₹ in million

|   | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|---|---------------------------------|---------------------------------|
| <b>19 OTHER NON-CURRENT LIABILITIES (NON-FINANCIAL)</b> |                                 |                                 |
| Deferred revenue (refer note 3(c))                      | 443.73                          | 426.90                          |
|   | <b>443.73</b>                   | <b>426.90</b>                   |

₹ in million

|   | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|---|---------------------------------|---------------------------------|
| <b>20 BORROWINGS (CURRENT, FINANCIAL LIABILITIES)</b> |                                 |                                 |
| Loans repayable on demand from banks                  | 1,492.49                        | 43.86                           |
|   | <b>1,492.49</b>                 | <b>43.86</b>                    |

- i) As at March 31, 2018 the cash credit facilities are secured by first pari passu charge on the future and current assets of the Company with minimum assets cover ratio 1:1. The Company is required to maintain DSRA for 2 quarter's interest. The loans are further secured by corporate guarantee of an associate Company to maintain DSRA and carries an interest rate of BBR+250 BPS, IVBR and six months MCLR+1.70% respectively.
- ii) As at March 31, 2017 the cash credit facilities were secured by first pari passu charge on the future and current assets of the Company with minimum assets cover ratio 1:1. The Company was required to maintain DSRA for 1 quarter's interest. The loan was further secured by corporate guarantee of an associate Company to maintain DSRA and carries an interest rate of Base rate +1.95%.

₹ in million

|  | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| <b>21 TRADE PAYABLES</b>   |                                 |                                 |
| - Total outstanding dues of micro enterprises and small enterprises; and                 | -                               | -                               |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 3,566.17                        | 2,698.59                        |
|  | <b>3,566.17</b>                 | <b>2,698.59</b>                 |

₹ in million

|  | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| Dues to micro and small enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006  |                                 |                                 |
| Principle amount remaining unpaid  | -                               | -                               |
| Interest due thereon   | -                               | -                               |
| Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year  | -                               | -                               |
| Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006  | -                               | -                               |
| Interest accrued and remaining unpaid  | -                               | -                               |
| Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006 | -                               | -                               |
|  | -                               | -                               |

The details of amounts outstanding to micro enterprises and small enterprises under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006 are as per available information with the Company.

₹ in million

|  | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| <b>22 OTHER FINANCIAL LIABILITIES (CURRENT)</b>        |                                 |                                 |
| Current maturities of long-term borrowings             | 6,186.53                        | 2,949.69                        |
| Current maturities of finance lease obligations        | 1.09                            | 1.03                            |
| Interest accrued and not due on borrowings             | 41.49                           | 18.61                           |
| Payables for purchase of property, plant and equipment | 720.94                          | 952.19                          |
| Book overdraft   | 89.35                           | 555.43                          |
|  | <b>7,039.40</b>                 | <b>4,476.95</b>                 |

₹ in million

|  | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| <b>23 PROVISIONS (CURRENT)</b>         |                                 |                                 |
| Provision for gratuity (refer note 34) | 0.86                            | 0.63                            |
| Provision for compensated absences     | 0.95                            | 0.71                            |
|  | <b>1.81</b>                     | <b>1.34</b>                     |

₹ in million

|   | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|---|---------------------------------|---------------------------------|
| <b>24 OTHER CURRENT LIABILITIES (NON-FINANCIAL)</b> |                                 |                                 |
| Deferred revenue                                    | 323.86                          | 237.91                          |
| Statutory dues payable                              | 508.90                          | 574.33                          |
| Advance from customers                              | 96.75                           | 87.07                           |
|   | <b>929.51</b>                   | <b>899.31</b>                   |

**(Refer note 16 and 22)**

₹ in million

| Nature of loan   | March 31, 2018  |                 | March 31, 2017  |                 | Nature of securities  | Interest rate               | Tenure of repayment*   |
|------------------|-----------------|-----------------|-----------------|-----------------|---|-----------------------------|--|
|                  | Non-current     | Current         | Non-current     | Current         |   |                             |  |
| <b>Term loan</b> |                 |                 |                 |                 |   |                             |  |
| 1                | 113.64          | -               | -               | -               | Term loans from banks are secured by first pari passu charge on entire movable fixed assets, both present and future, of the Company and on the receivables, cash flow and bank account of the Company. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter of the interest and principal repayment to be funded ten days before each due date, for the entire tenure of the loan.   | Base rate + 1.20%           | Eight (previous year: nil) quarterly instalments payable as per the terms of underlying agreement.   |
| 2                | 15.90           | 180.53          | -               | -               | Term loans from banks are secured by first pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of the Company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/or pledge of the Company's current assets. Also secured by corporate guarantee of an associated company for maintenance of debt service reserve account (DSRA) for 2 quarter's interest.   | Base rate + 1.20%           | Six (previous year: eight) quarterly instalments payable as per the terms of underlying agreement.   |
| 3                | 247.66          | 495.24          | 747.66          | 246.16          | Term loans from banks are secured by first charge by way of hypothecation of the Company's entire current assets which would include stocks and consumable stores and spares and such other movable properties including book debts, receivables both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other banks/lenders. First charge on all moveable fixed assets of the Company, cash flow and bank account of the Company ranking pari passu with other banks/lenders. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter of the interest and principal repayment to be funded 10 days before each due date, for the entire tenure of the loan. | Base rate + 1.20%           | Nil (previous year: three) quarterly instalments payable as per the terms of underlying agreement.   |
| 4                | 11.78           | 460.72          | 435.68          | 258.89          | Term loans from banks are secured by first charge by way of hypothecation of the Company's entire current assets which would include stocks and consumable stores and spares and such other movable properties including book debts, receivables both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other banks/lenders. First charge on all moveable fixed assets of the Company, cash flow and bank account of the Company ranking pari passu with other banks/lenders. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter of the interest and principal repayment to be funded 10 days before each due date, for the entire tenure of the loan. | Base rate + 2.50%           | Nil (previous year: three) quarterly instalments payable as per the terms of underlying agreement.   |
| 5                | -               | -               | -               | 159.91          | Term loans from bank are secured by first charge by way of hypothecation of the Company's entire current assets which would include stocks and consumable stores and spares and such other movable properties including book debts, receivables both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other banks/lenders. First charge on all moveable fixed assets of the Company, cash flow and bank account of the Company ranking pari passu with other banks/lenders. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter of the interest and principal repayment to be funded 10 days before each due date, for the entire tenure of the loan.  | Base rate + 2.50%           | Seven (previous year: eleven) quarterly instalments payable as per the terms of underlying agreement.  |
| 6                | 307.82          | 415.42          | 723.24          | 414.80          | Term loans from bank are secured by first charge by way of hypothecation of the Company's entire current assets which would include stocks and consumable stores and spares and such other movable properties including book debts, receivables both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other banks/lenders. First charge on all moveable fixed assets of the Company, cash flow and bank account of the Company ranking pari passu with other banks/lenders. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter of the interest and principal repayment to be funded 10 days before each due date, for the entire tenure of the loan.  | Base rate + 2.10%           | Repayment plan for each term loan:<br>I. Nil (previous year: three) quarterly instalments payable as per the terms of underlying agreement<br>II Nil (previous year: four) quarterly instalments payable as per the terms of underlying agreement<br>III Nil (previous year: one) quarterly instalments as per the terms of underlying agreement<br>IV Nil (previous year: two) quarterly instalments payable as per the terms of underlying agreement |
| 7                | -               | -               | -               | 966.61          | Term loans from bank are secured by first charge by way of hypothecation of the Company's entire current assets which would include stocks and consumable stores and spares and such other movable properties including book debts, receivables both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other banks/lenders. First charge on all moveable fixed assets of the Company, cash flow and bank account of the Company ranking pari passu with other banks/lenders. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter's interest.  | Base rate + 0.45%           | Six (previous year: ten) quarterly instalments payable as per the terms of underlying agreement.   |
| 8                | 124.85          | 249.11          | 373.96          | 248.40          | Term loans from bank are secured by first charge by way of hypothecation of the Company's entire current assets which would include stocks and consumable stores and spares and such other movable properties including book debts, receivables both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other banks/lenders. First charge on all moveable fixed assets of the Company, cash flow and bank account of the Company ranking pari passu with other banks/lenders. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter's interest.  | Base rate + 0.45%           | Ten (previous year: fourteen) quarterly instalments payable as per the terms of underlying agreement.  |
| 9                | 186.68          | 123.74          | 310.41          | 123.23          | Term loans from bank are secured by first charge by way of hypothecation of the Company's entire current assets which would include stocks and consumable stores and spares and such other movable properties including book debts, receivables both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other banks/lenders. First charge on all moveable fixed assets of the Company, cash flow and bank account of the Company ranking pari passu with other banks/lenders. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter's interest.  | Base rate + 0.45%           | Twenty four (previous year: twenty four) quarterly instalments payable as per the terms of underlying agreement.   |
| 10               | 1,416.82        | 72.68           | 987.33          | -               | Term loans from bank are secured by first charge by way of hypothecation of the Company's entire current assets which would include stocks and consumable stores and spares and such other movable properties including book debts, receivables both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other banks/lenders. First charge on all moveable fixed assets of the Company, cash flow and bank account of the Company ranking pari passu with other banks/lenders. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter's interest.  | Bank corporate lending rate | Six (previous year: six) half yearly instalments payable as per the terms of underlying agreement.   |
| 11               | 1,657.06        | 325.45          | 1,982.42        | -               | Term loans from bank are secured by first charge by way of hypothecation of the Company's entire current assets which would include stocks and consumable stores and spares and such other movable properties including book debts, receivables both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other banks/lenders. First charge on all moveable fixed assets of the Company, cash flow and bank account of the Company ranking pari passu with other banks/lenders. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter's interest.  | Base rate + 0.5%            | Six (previous year: seven) quarterly instalments payable as per the terms of underlying agreement.   |
| 12               | 561.75          | 147.50          | 709.24          | 34.81           | Term loans from bank are secured by first charge by way of hypothecation of the Company's entire current assets which would include stocks and consumable stores and spares and such other movable properties including book debts, receivables both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other banks/lenders. First charge on all moveable fixed assets of the Company, cash flow and bank account of the Company ranking pari passu with other banks/lenders. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter's interest.  | 6 months MCLR + margin      | Four (previous year: nil) half yearly instalments payable as per the terms of underlying agreement.  |
| 13               | 365.58          | 365.58          | -               | -               | Term loans from bank are secured by first charge by way of hypothecation of the Company's entire current assets which would include stocks and consumable stores and spares and such other movable properties including book debts, receivables both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other banks/lenders. First charge on all moveable fixed assets of the Company, cash flow and bank account of the Company ranking pari passu with other banks/lenders. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter's interest.  |                             |  |
| <b>Sub total</b> | <b>5,009.54</b> | <b>2,835.97</b> | <b>6,269.94</b> | <b>2,452.81</b> |   |                             |  |

\* The above mentioned loan instalments range from ₹ 7.5 million to ₹ 125 million.

| Nature of loan                   | March 31, 2018 |                 | March 31, 2017  |               | Nature of securities   | Interest rate                | Tenure of repayment*            |
|----------------------------------|----------------|-----------------|-----------------|---------------|--|------------------------------|---------------------------------|
|                                  | Non-current    | Current         | Non-current     | Current       |  |                              |                                 |
| <b>Buyer's Credits</b>           |                |                 |                 |               |  |                              |                                 |
| 1                                | -              | 1,338.10        | 1,413.51        | 301.83        | Buyer's credit from bank are secured by pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of the Company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/or pledge of the Company's current assets. Also secured by corporate guarantee of an associated company for maintenance of debt service reserve account (DSRA) for 1 quarter's interest. | Six months LIBOR + 335 bps   | Repayable at the end of tenure. |
| 2                                | -              | 1,502.14        | 1,515.05        | 195.05        | Buyer's credit from bank are secured by pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of the Company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/or pledge of the Company's current assets. Also secured by corporate guarantee of an associated company for maintenance of debt service reserve account (DSRA) for 2 quarter's interest. | Six months LIBOR + 100 bps   | Repayable at the end of tenure. |
| 3                                | -              | 510.32          | -               | -             | 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 movable fixed assets and current assets (both present and future).   | Three months LIBOR + 295 bps | Repayable at the end of tenure. |
| <b>Sub total</b>                 | <b>-</b>       | <b>3,350.56</b> | <b>2,928.56</b> | <b>496.88</b> |  |                              |                                 |
| <b>Finance lease obligations</b> | 2.48           | 1.09            | 3.42            | 1.03          | Finance lease obligations - Secured by hypothecation of vehicles purchased thereunder.   |                              |                                 |
| <b>Sub Total</b>                 | <b>2.48</b>    | <b>1.09</b>     | <b>3.42</b>     | <b>1.03</b>   |  |                              |                                 |



₹ in million

|  | March 31, 2018  | March 31, 2017  |
|--|-----------------|-----------------|
| <b>25 REVENUE FROM OPERATIONS</b>              |                 |                 |
| <b>Sale of services</b>                        |                 |                 |
| Subscription income                            | 4,322.35        | 3,514.71        |
| Advertisement income                           | 20.69           | 32.32           |
| Carriage income                                | 1,825.03        | 1,802.56        |
| Activation and Set top boxes pairing charges   | 789.83          | 794.10          |
| <b>Other operating revenue</b>                 |                 |                 |
| Sale of traded goods*                          | 445.51          | 870.69          |
| Management charges and other networking income | 974.37          | 722.08          |
| Scrap sales                                    | 0.30            | 0.33            |
|  | <b>8,378.08</b> | <b>7,736.79</b> |
| <b>* Details of sale of traded goods</b>       |                 |                 |
| Set top box (STB) and viewing cards (VC)       | 441.94          | 865.08          |
| Stores and spares                              | 3.57            | 5.61            |
|  | <b>445.51</b>   | <b>870.69</b>   |

₹ in million

|   | March 31, 2018 | March 31, 2017 |
|---|----------------|----------------|
| <b>26 OTHER INCOME</b>  |                |                |
| Interest income on  |                |                |
| Bank deposits   | 50.49          | 71.52          |
| Others  | 31.49          | 20.81          |
| Excess provisions written back  | 12.69          | 36.92          |
| Net gain arising on financial assets designated as at fair value through profit or loss | 5.91           | 15.46          |
| Other non-operating income  | 7.22           | 18.08          |
|   | <b>107.80</b>  | <b>162.79</b>  |

₹ in million

|  | March 31, 2018 | March 31, 2017 |
|--|----------------|----------------|
| <b>27 EMPLOYEE BENEFITS EXPENSE</b>        |                |                |
| Salaries, allowances and bonus             | 586.50         | 568.43         |
| Contributions to provident and other funds | 33.21          | 30.93          |
| Staff welfare expenses                     | 24.91          | 18.67          |
|  | <b>644.62</b>  | <b>618.03</b>  |

₹ in million

|   | March 31, 2018  | March 31, 2017  |
|---|-----------------|-----------------|
| <b>28 FINANCE COSTS</b>                           |                 |                 |
| Interest expense for borrowings at amortised cost | 1,006.37        | 934.33          |
| Bank charges                                      | 267.09          | 267.82          |
| Amortisation of ancillary borrowing costs         | -               | 7.97            |
|   | <b>1,273.46</b> | <b>1,210.12</b> |

₹ in million

|   | March 31, 2018  | March 31, 2017  |
|---|-----------------|-----------------|
| <b>29 DEPRECIATION AND AMORTISATION OF NON-FINANCIAL ASSETS</b> |                 |                 |
| Depreciation of property, plant and equipment                   | 1,522.83        | 1,136.89        |
| Amortisation of intangible assets                               | 307.32          | 208.35          |
|   | <b>1,830.15</b> | <b>1,345.24</b> |

₹ in million

|   | March 31, 2018  | March 31, 2017  |
|---|-----------------|-----------------|
| <b>30 OTHER EXPENSES</b>  |                 |                 |
| Rent  | 141.02          | 139.41          |
| Rates and taxes   | 11.12           | 7.22            |
| Communication expenses  | 21.41           | 21.21           |
| Repairs and maintenance   |                 |                 |
| - Network   | 7.66            | 9.69            |
| - Buildings   | 0.49            | 1.20            |
| - Others  | 4.56            | 4.66            |
| Electricity and water charges   | 69.54           | 61.30           |
| Legal, professional and consultancy charges   | 73.72           | 99.66           |
| Printing and stationery   | 9.02            | 6.08            |
| Contractual service charges   | 412.56          | 370.49          |
| Travelling and conveyance expenses  | 42.72           | 40.27           |
| Auditors' remuneration*   | 6.53            | 5.85            |
| Vehicle running expenses  | 36.93           | 30.82           |
| Insurance expenses  | 7.08            | 7.02            |
| Provision for doubtful debts**  | 664.00          | 258.60          |
| Advertisement and publicity expenses  | 10.20           | 10.60           |
| Commission charges and incentives   | 160.90          | 128.58          |
| Bad debts written off   | 3.45            | 0.91            |
| Program production expenses   | 28.65           | 23.97           |
| Other operational cost  | 497.29          | 450.00          |
| Business and sales promotion  | 18.19           | 24.85           |
| Loss on sale of property, plant and equipment (net)                                     | 23.98           | -               |
| Exchange fluctuation loss (net)   | 35.18           | 1.90            |
| Net loss arising on financial assets designated as at fair value through profit or loss | 4.41            | 7.98            |
| Miscellaneous expenses  | 73.66           | 40.23           |
|   | <b>2,364.27</b> | <b>1,752.50</b> |

\*Auditors' remuneration

₹ in million

|                                     | March 31, 2018 | March 31, 2017 |
|-------------------------------------|----------------|----------------|
| as an auditor                       | 6.00           | 5.25           |
| for other services (certifications) | 0.14           | 0.32           |
| for reimbursement of expenses       | 0.39           | 0.28           |
|                                     | <b>6.53</b>    | <b>5.85</b>    |

\*\* Provision for doubtful debts is net of write-back of provision in relation to corresponding revenue sharing costs aggregating ₹ 198.86 million (previous year: ₹ nil)

₹ in million

|   | March 31, 2018     | March 31, 2017     |
|---|--------------------|--------------------|
| <b>31 LOSS PER SHARE</b>  |                    |                    |
| Loss attributable to equity shareholders  | (2,055.77)         | (1,851.26)         |
| Weighted average number of equity shares outstanding during the year (nos.)   | 872,053,848        | 801,199,892        |
| Weighted average number of equity shares to be issued on conversion of mandatorily convertible instruments (i.e. share and OFCD) (nos.) | -                  | 70,740,039         |
| <b>Weighted average number of equity shares outstanding during the year for calculating basic and diluted earnings per share (nos.)</b> | <b>872,053,848</b> | <b>871,939,931</b> |
| Effect of dilutive potential equity shares ~  |                    |                    |
| Employee stock options (nos.)   | -                  | 434,549            |
| Nominal value of per equity share (₹)   | 1                  | 1                  |
| <b>Loss per share (₹)</b>   |                    |                    |
| Basic and diluted loss per share  | (2.36)             | (2.12)             |

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

**32** The digitisation of cable networks has been implemented in Phase 1 and 2 cities starting from November 1, 2012 onwards and Phase 3 and 4 cities were to be digitised by January 31, 2017 and March 31, 2017 respectively, as per the extended timelines. Owing to the initial delays in implementation of DAS, all the Multi-System Operators (MSOs) are in transition from analogue regime to DAS and are in the process of implementation of revenue sharing contracts with the local cable operators (LCOs). Accordingly, the Company has invoiced certain LCO's and recognised subscription revenue based on certain estimates (net basis) derived from market trends and ongoing discussion with the LCOs. Management is of the view that the execution/implementation of such contracts will not have a significant impact on the subscription revenue recognised.

### 33 GROUP COMPOSITION STRUCTURE

| Name of the subsidiaries  | Country of incorporation | Percentage of ownership |                      |
|---|--------------------------|-------------------------|----------------------|
|   |                          | As at March 31, 2018    | As at March 31, 2017 |
| Indian Cable Net Company Limited (hereinafter referred as "ICNCL")*   | India                    | 60.02%                  | 60.02%               |
| Central Bombay Cable Network Limited (hereinafter referred as "CBCNL")  | India                    | 100.00%                 | 100.00%              |
| Siticable Broadband South Limited (hereinafter referred as "SBSL")  | India                    | 100.00%                 | 100.00%              |
| Master Channel Community Network Private Limited (hereinafter referred as "MCCNPL")**   | India                    | 66.00%                  | 66.00%               |
| Siti Vision Digital Media Private Limited (hereinafter referred as "SVIDMPL")   | India                    | 51.00%                  | 51.00%               |
| Siti Jind Digital Media Communications Private Limited (hereinafter referred as "SJDMCPL")****  | India                    | 57.50%                  | 57.50%               |
| Siti Jai Maa Durgee Communications Private Limited (hereinafter referred as "SJMDCPL")  | India                    | 51.00%                  | 51.00%               |
| Siti Bhatia Network Entertainment Private Limited (hereinafter referred as "SBNEPL")  | India                    | 51.00%                  | 51.00%               |
| Siti Jony Digital Cable Network Private Limited (hereinafter referred as "SJDCNPL")   | India                    | 51.00%                  | 51.00%               |
| Siti Krishna Digital Media Private Limited (hereinafter referred as "SKDMPL")   | India                    | 51.00%                  | 51.00%               |
| Siti Faction Digital Private Limited (hereinafter referred as "SFDPL")  | India                    | 51.00%                  | 51.00%               |
| Siti Guntur Digital Network Private Limited (hereinafter referred as "SGDNPL")  | India                    | 74.00%                  | 74.00%               |
| Siti Maurya Cable Net Private Limited (hereinafter referred as "SMCNPL")***   | India                    | 50.10%                  | 50.10%               |
| Siti Karnal Digital Media Network Private Limited (hereinafter referred as "SKDMNPL")   | India                    | 51.00%                  | 51.00%               |
| Siti Global Private Limited (hereinafter referred as "SGPL")  | India                    | 51.00%                  | 51.00%               |
| Siti Siri Digital Network Private Limited (hereinafter referred as "SDNPL")   | India                    | 51.00%                  | 51.00%               |
| Siti Broadband Services Private Limited (hereinafter referred as "SBSPL")   | India                    | 100.00%                 | 100.00%              |
| Siti Prime Uttaranchal Communication Private Limited (formerly known as Capital Digital Multimedia Network Private Limited) (hereinafter referred as "SPUCPL")    | India                    | 51.00%                  | 51.00%               |
| Siti Sagar Digital Cable Network Private Limited (formerly known as Panchsheel Digital Communication Network Private Limited) (hereinafter referred as "SSDCNPL") | India                    | 51.00%                  | 51.00%               |
| Siti Saistar Digital Media Private Limited (formerly known as Saistar Digitalmedia Private Limited) (hereinafter referred as "SSDMPL")                            | India                    | 51.00%                  | 51.00%               |
| Siti Godaari Digital Services Private Limited (formerly known as Bargachh Digital Communication Network Private Limited) (hereinafter referred as "SGDSPL")       | India                    | 51.00%                  | 51.00%               |
| Variety Entertainment Private Limited (hereinafter referred as "VEPL")  | India                    | 100.00%                 | 100.00%              |
| Indinet Service Private Limited (hereinafter referred as "ISPL")***   | India                    | 100.00%                 | 100.00%              |
| Axom Communications & Cable Private Limited (hereinafter referred as "ACCPL")***  | India                    | 50.00%                  | 50.00%               |

\*Include 0.30% held through CBCNL

\*\* Subsidiary of CBCNL

\*\*\* Subsidiary of ICNCL

\*\*\*\* Include 6.50% held through SBSL

| Name of the associate and joint venture   | Country of incorporation | Percentage of ownership |                      |
|---|--------------------------|-------------------------|----------------------|
|   |                          | As at March 31, 2018    | As at March 31, 2017 |
| Siti Chhattisgarh Multimedia Private Limited (hereinafter referred as "SCMPL")***** | India                    | 41.00%                  | 41.00%               |
| C&S Medianet Private Limited (hereinafter referred as "CSMPL")                      | India                    | 48.00%                  | 48.00%               |
| Voice Snap Services Private Limited (hereinafter referred as "VSSPL")*****          | India                    | 35.26%                  | 32.34%               |
| Wire and Wireless Tisai Satellite Limited (hereinafter referred as "WWTSL")         | India                    | 51.00%                  | 51.00%               |

\*\*\*\*\* Associate of SBNEPL

\*\*\*\*\* Associate of VEPL

### 34 EMPLOYEE BENEFIT OBLIGATIONS

#### Post-employment obligations - gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The expected contribution to the plan for next annual reporting period amounts to ₹ 7.68 million.

The weighted average duration of the defined benefit obligation as at March 31, 2018 is 16 years (previous year 16 years).

The plan exposes the Company to actuarial risks such as interest rate risk and inflation risk.

#### Interest rate risk

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of risk free securities.

#### Inflation risk

A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Company's liability.

The following tables summarises the components of net benefit expense recognised in the standalone statement of profit and loss and the amount recognised in the standalone balance sheet for the respective plans.

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

|  | ₹ in million   |                |
|--|----------------|----------------|
|  | March 31, 2018 | March 31, 2017 |
| Present value of defined benefit obligation at the beginning of the year   | 29.66          | 22.63          |
| Interest cost  | 2.30           | 1.70           |
| Current service cost   | 5.79           | 6.33           |
| Past service cost  | 0.22           | -              |
| Benefits paid  | (11.20)        | (2.31)         |
| Actuarial loss/(gain) on remeasurement of obligation                       | (1.73)         | 1.31           |
| <b>Present value of defined benefit obligation at the end of the year*</b> | <b>25.04</b>   | <b>29.66</b>   |

\*Includes current portion ₹ 0.86 million (previous year: ₹ 0.63 million)

The gratuity plan of the Company is unfunded



**Amount recognised in the standalone statement of profit and loss:**

|                      | ₹ in million          |                       |
|----------------------|-----------------------|-----------------------|
|                      | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
| Current service cost | 5.79                  | 6.33                  |
| Past service cost    | 0.22                  | -                     |
| Interest cost        | 2.30                  | 1.70                  |
|                      | <b>8.31</b>           | <b>8.03</b>           |

|  | ₹ in million          |                       |
|--|-----------------------|-----------------------|
|  | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
| <b>Amount recognised in the statement of other comprehensive income:</b> |                       |                       |
| Actuarial loss arising from change in financial assumptions              | (0.68)                | 1.36                  |
| Actuarial loss arising from experience adjustments                       | (1.05)                | (0.05)                |
|  | <b>(1.73)</b>         | <b>1.31</b>           |

|  | ₹ in million             |                          |
|--|--------------------------|--------------------------|
|  | <b>March 31, 2018</b>    | <b>March 31, 2017</b>    |
| Actuarial assumptions used               | 7.8%                     | 7.5%                     |
| Discount rate (per annum)                | 5.0%                     | 5.0%                     |
| Rate of escalation in salary (per annum) | IALM 2006-08<br>Ultimate | IALM 2006-08<br>Ultimate |
| Mortality                                | 5% (18 to 30 Years)      | 2.0%                     |
| Withdrawal rate (per annum)              | 3% (30 to 44 Years)      |                          |
|  | 2%(44 to 60 Years)       |                          |
| Normal retirement age                    | 60 years                 | 60 years                 |

These assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to each year-end by reference to market yields of risk free securities that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

The present value of the defined benefit obligation was measured using the projected unit credit method.

**Sensitivity analysis of the defined benefit obligation for significant actuarial assumptions**

|  | ₹ in million          |                       |
|--|-----------------------|-----------------------|
|  | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
| <b>Impact of the change in discount rate</b>                     |                       |                       |
| Present value of obligation at the end of the year               | <b>25.04</b>          | <b>29.66</b>          |
| Decrease in liability due to increase of 10% (previous year 11%) | (2.58)                | (3.15)                |
| Increase in liability due to decrease of 12% (previous year 13%) | 3.05                  | 3.72                  |
| <b>Impact of the change in salary growth rate</b>                |                       |                       |
| Present value of obligation at the end of the year               | <b>25.04</b>          | <b>29.66</b>          |
| Increase in liability due to increase of 12% (previous year 12%) | 3.10                  | 3.67                  |
| Decrease in liability due to decrease of 11% (previous year 11%) | (2.67)                | (3.14)                |

**Defined contribution plans**

Contribution to defined contribution plan, recognised as expense for the year are as under :- Employer's contribution to provident fund and other funds ₹ 33.21 million (previous year: ₹ 30.93 million)

### 35 SHARE-BASED EMPLOYEE REMUNERATION

#### Employee Stock Option Plan –ESOP-2015

The Company instituted the Employee Stock Option Scheme -2015 ("SITI ESOP 2015" or "New Plan") to grant equity based incentives to eligible employees. The SITI ESOP-2015 has been approved by the Board of Directors of the Company at their meeting held on May 28, 2015 and by the shareholders of the Company by way of special resolution passed at their Annual General Meeting held on August 27, 2015 to grant upto 33,881,656 options, representing one share for each option upon exercise by the eligible employee at an exercise price determined by the Board/remuneration committee.

The options granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. Under the terms of the Scheme, 50%, 35% and 15% of the options will vest in the employee(s) after expiry of one year, two years and three years, respectively, from the date of grant of options. The option grantee must exercise all vested options within a period of four years from the date of vesting and the shares arising on exercise of such options shall not be subject to any lock-in period.

| <b>Employee Stock Option Plan –ESOP-2015</b> |                   |
|--|-------------------|
| Date of grant                                | September 3, 2015 |
| Date of Board approval                       | May 28, 2015      |
| Date of shareholders' approval               | August 27, 2015   |
| Number of options granted                    | 4,663,500         |
| Method of settlement (cash/equity)           | Equity            |
| Vesting period                               | Three years       |
| Exercise period                              | Four years        |

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

|  | <b>March 31, 2018</b>    |  | <b>March 31, 2017</b>    |  |
|--|--------------------------|--|--------------------------|--|
|  | <b>Number of options</b> | <b>Weighted average exercise price (₹)</b> | <b>Number of options</b> | <b>Weighted average exercise price (₹)</b> |
| Outstanding at the beginning of the year | 4,295,400                | 30.85                                      | 4,663,500                | 30.85                                      |
| Granted during the year                  | -                        | -  | -                        | -  |
| Forfeited during the year                | 1,443,125                | 30.85                                      | 233,100                  | 30.85                                      |
| Exercised during the year                | -                        | -  | 135,000                  | 30.85                                      |
| Outstanding at the end of the year       | 2,852,275                | 30.85                                      | 4,295,400                | 30.85                                      |
| Exercisable at the end of the year       | 2,714,680                | 30.85                                      | 2,196,750                | 30.85                                      |

No options were exercised during the current financial year. The weighted average share price per share at the date of exercise in the previous year was ₹ 39.05 per share.

The fair values of options granted under new plan were determined using a variation of the binomial option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The following principal assumptions were used in the valuation:

|   | <b>March 31, 2018</b>       |                                   |                                   | <b>March 31, 2017</b>             |                                   |                                   |
|---|-----------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|   | <b>Options Vested (50%)</b> | <b>Options to be vested (35%)</b> | <b>Options to be vested (15%)</b> | <b>Options to be vested (50%)</b> | <b>Options to be vested (35%)</b> | <b>Options to be vested (15%)</b> |
| Number of options                                   | 2,331,750                   | 1,632,225                         | 699,525                           | 2,331,750                         | 1,632,225                         | 699,525                           |
| Fair value on grant date                            | 14.63                       | 17.49                             | 19.14                             | 14.63                             | 17.49                             | 19.14                             |
| Share price at grant date                           | 30.85                       | 30.85                             | 30.85                             | 30.85                             | 30.85                             | 30.85                             |
| Fair value at exercise date                         | -                           | -                                 | -                                 | 39.05                             | -                                 | -                                 |
| Exercise price                                      | 30.85                       | 30.85                             | 30.85                             | 30.85                             | 30.85                             | 30.85                             |
| Expected volatility                                 | 39.82%                      | 44.49%                            | 43.47%                            | 39.82%                            | 44.49%                            | 43.47%                            |
| Expected life                                       | Three years                 | Four years                        | Five years                        | Three years                       | Four years                        | Five years                        |
| Expected dividends                                  | 0.00%                       | 0.00%                             | 0.00%                             | 0.00%                             | 0.00%                             | 0.00%                             |
| Risk-free interest rate (based on government bonds) | 7.77%                       | 7.97%                             | 7.98%                             | 7.80%                             | 7.79%                             | 7.88%                             |

The underlying expected volatility was determined by reference to historical data of the Company's shares over a period of time since its flotation on the Stock Exchange. No special features inherent to the options granted were incorporated into measurement of fair value.

The employee remuneration expense has decreased by ₹ 16.47 million (previous year: increased by ₹ 30.29 million), all of this relates to options lapsed/expired during the year due to resignation of eligible employees.

### 36 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 escalation clause in the lease agreement. There are restrictions imposed by the lease arrangements.

Finance lease liabilities (refer note 16 and 22) are secured by related assets held under finance leases.

#### Future Minimum Lease Payments and their Present Values are given below:

|                          | Minimum lease payments due |              |               | Total       |
|--------------------------|----------------------------|--------------|---------------|-------------|
|                          | ₹ in million               |              |               |             |
|                          | Within 1 year              | 1 to 5 years | after 5 years |             |
| <b>March 31, 2018</b>    |                            |              |               |             |
| Lease payments           | 1.33                       | 2.64         | -             | 3.97        |
| Finance charges          | 0.24                       | 0.16         | -             | 0.40        |
| <b>Net present value</b> | <b>1.09</b>                | <b>2.48</b>  | <b>-</b>      | <b>3.57</b> |
| <b>March 31, 2017</b>    |                            |              |               |             |
| Lease payments           | 1.42                       | 3.97         | -             | 5.39        |
| Finance charges          | 0.38                       | 0.55         | -             | 0.93        |
| <b>Net present value</b> | <b>1.04</b>                | <b>3.42</b>  | <b>-</b>      | <b>4.46</b> |

#### Operating lease : Company as a lessee

The Company has taken various commercial premises under operating leases. These leases have varying terms, escalation clauses and renewal rights. On renewal the terms of the leases are renegotiated. Rent amounting to ₹ 141.02 million (previous year: ₹ 139.41 million) has been debited to standalone statement of profit and loss during the year.

### 37 FAIR VALUE MEASUREMENTS

#### A. Financial instruments by category

|  | Notes    | March 31, 2018 |                  | Total            |
|--|----------|----------------|------------------|------------------|
|  |          | ₹ in million   |                  |                  |
|  |          | FVTPL          | Amortised cost   |                  |
| <b>Financial assets</b>                                |          |                |                  |                  |
| Bank deposits  | 7        | -              | 642.14           | 642.14           |
| Amount recoverable                                     | 13       | -              | 92.21            | 92.21            |
| Interest accrued and not due on fixed deposits         | 13       | -              | 28.95            | 28.95            |
| Security deposits                                      | 7 and 13 | -              | 82.48            | 82.48            |
| Investment (Non- current, financial assets)            | 6        | 967.36         | 2,553.37         | 3520.73          |
| Unbilled revenues                                      | 13       | -              | 696.68           | 696.68           |
| Trade receivables                                      | 10       | -              | 5,181.60         | 5,181.60         |
| Cash and cash equivalents                              | 11       | -              | 311.16           | 311.16           |
| <b>Total financial assets</b>                          |          | <b>967.36</b>  | <b>9,588.59</b>  | <b>10,555.95</b> |
| <b>Financial liabilities</b>                           |          |                |                  |                  |
| Borrowings (non-current, financial liabilities)        | 16       | -              | 5,012.04         | 5,012.04         |
| Borrowings (current, financial liabilities)            | 20       | -              | 1,492.49         | 1,492.49         |
| Payables for purchase of property, plant and equipment | 17       | -              | 1,204.16         | 1,204.16         |
| Security deposits                                      | 17       | -              | 43.54            | 43.54            |
| Trade payables   | 21       | -              | 3,566.17         | 3,566.17         |
| Other financial liabilities (current)                  | 22       | -              | 7,039.40         | 7,039.40         |
| <b>Total financial liabilities</b>                     |          | <b>-</b>       | <b>18,357.80</b> | <b>18,357.80</b> |

₹ in million

|  | Notes    | March 31, 2017  |                  | Total            |
|--|----------|-----------------|------------------|------------------|
|  |          | FVTPL           | Amortised cost   |                  |
| <b>Financial assets</b>                                |          |                 |                  |                  |
| Bank deposits  | 7        | -               | 843.35           | 843.35           |
| Amount recoverable                                     | 13       | -               | 794.18           | 794.18           |
| Interest accrued and not due on fixed deposits         | 13       | -               | 83.75            | 83.75            |
| Security deposits                                      | 7 and 13 | -               | 73.15            | 73.15            |
| Investment (Non- current, financial assets)            | 6        | 1,340.05        | 2,553.37         | 3,893.42         |
| Unbilled revenues                                      | 13       | -               | 312.52           | 312.52           |
| Trade receivables                                      | 10       | -               | 5,200.34         | 5,200.34         |
| Investment (Current, financial assets)                 | 12       | 4.40            | -                | 4.40             |
| Cash and cash equivalents                              | 11       | -               | 1,002.47         | 1,002.47         |
| <b>Total financial assets</b>                          |          | <b>1,344.45</b> | <b>10,863.13</b> | <b>12207.58</b>  |
| <b>Financial liabilities</b>                           |          |                 |                  |                  |
| Borrowings (non-current, financial liabilities)        | 16       | -               | 9,201.94         | 9,201.94         |
| Borrowings (current, financial liabilities)            | 20       | -               | 43.86            | 43.86            |
| Payables for purchase of property, plant and equipment | 17       | -               | 1,941.10         | 1,941.10         |
| Security deposits                                      | 17       | -               | 41.63            | 41.63            |
| Trade payables   | 21       | -               | 2,698.59         | 2,698.59         |
| Other financial liabilities (current)                  | 22       | -               | 4,476.95         | 4,476.95         |
| <b>Total financial liabilities</b>                     |          | <b>-</b>        | <b>18,404.07</b> | <b>18,404.07</b> |

#### B. Financial instruments measured at fair value

The following tables present financial assets and liabilities measured at fair value in the Balance sheet in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as on March 31, 2018 and March 31, 2017 as follows:

₹ in million

| March 31, 2018                                  | Date of Valuation | Level 1 | Level 2 | Level 3  |
|---|-------------------|---------|---------|----------|
| <b>Financial assets</b>                         |                   |         |         |          |
| Investment in optionally convertible debentures | At March 31, 2018 | -       | -       | 967.36   |
| <b>March 31, 2017</b>                           |                   |         |         |          |
| <b>Financial assets</b>                         |                   |         |         |          |
| Mutual funds                                    | At March 31, 2017 | 4.40    | -       | -        |
| Investment in optionally convertible debentures | At March 31, 2017 | -       | -       | 1,340.05 |

#### Valuation technique to determine fair value

##### Optionally fully convertible debentures (Level 3)

The valuation of optionally fully convertible debentures has been done using the discounted cash flow method by discounting the investee Companies free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows are discounted by weighted average cost of capital comprising of debt and equity. The risk free rate of 7.64% is considered on the 10 year

zero coupon government bond.

There have been no transfer between level 1, level 2 and level 3 during the year ended March 31, 2018 and March 31, 2017.

**The following table presents the changes in level 1 items for the year ended March 31, 2018 and March 31, 2017:**

| Particulars                                      | ₹ in million |
|--|--------------|
| <b>As at April 01, 2016</b>                      | <b>12.56</b> |
| Mutual funds sold during the year                | (8.98)       |
| Gains recognised in statement of profit and loss | 0.82         |
| <b>As at March 31, 2017</b>                      | <b>4.40</b>  |
| Mutual funds sold during the year                | (4.42)       |
| Gains recognised in statement of profit and loss | 0.02         |
| <b>As at March 31, 2018</b>                      | <b>-</b>     |

**The following table presents the changes in level 3 items for the year ended March 31, 2018 and March 31, 2017:**

| Particulars  | ₹ in million    |
|--|-----------------|
| <b>As at April 01, 2016</b>                                      | <b>-</b>        |
| Acquired during the year   | 1,340.05        |
| <b>As at March 31, 2017</b>                                      | <b>1,340.05</b> |
| Optionally fully convertible debentures redeemed during the year | (370.40)        |
| Loss recognised in statement of profit and loss                  | (2.29)          |
| <b>As at March 31, 2018</b>                                      | <b>967.36</b>   |

**As at March 31, 2018**

| Significant unobservable input      | Estimate of the input | Sensitivity of the fair value measurement to input   |
|-------------------------------------|-----------------------|--|
| Probability of meeting of cash flow | 10%                   | An increase to 10% would increase fair value by ₹ 92.84 million and decrease by 10% would decrease fair value by ₹ 92.84 million |

**As at March 31, 2017**

| Significant unobservable input      | Estimate of the input | Sensitivity of the fair value measurement to input   |
|-------------------------------------|-----------------------|--|
| Probability of meeting of cash flow | 10%                   | An increase to 10% would increase fair value by ₹ 124.98 million and decrease by 10% would decrease fair value by ₹ 138.06 million |

**C. Fair value of financial assets and liabilities measured at amortised cost**

|  | March 31, 2018   |                  | March 31, 2017   |                  |
|--|------------------|------------------|------------------|------------------|
|  | Carrying amount  | Fair value       | Carrying amount  | Fair value       |
| <b>Financial assets</b>                                |                  |                  |                  |                  |
| Bank deposits  | 642.14           | 642.14           | 843.35           | 843.35           |
| Amount recoverable                                     | 92.21            | 92.21            | 794.18           | 794.18           |
| Interest accrued and not due on fixed deposits         | 28.95            | 28.95            | 83.75            | 83.75            |
| Security deposits                                      | 82.48            | 82.48            | 73.15            | 73.15            |
| Investment (Non- current, financial assets)            | 2,553.37         | 2,553.37         | 2,553.37         | 2,553.37         |
| Unbilled revenue                                       | 696.68           | 696.68           | 312.52           | 312.52           |
| Trade receivables                                      | 5,181.60         | 5,181.60         | 5,200.34         | 5,200.34         |
| Cash and cash equivalents                              | 311.16           | 311.16           | 1,002.47         | 1,002.47         |
| <b>Total financial assets</b>                          | <b>9,588.59</b>  | <b>9,588.59</b>  | <b>10,863.13</b> | <b>10,863.13</b> |
| <b>Financial liabilities</b>                           |                  |                  |                  |                  |
| Borrowings (non-current, financial liabilities)        | 5,012.04         | 5,012.04         | 9,201.94         | 9,201.94         |
| Borrowings (current, financial liabilities)            | 1,492.49         | 1,492.49         | 43.86            | 43.86            |
| Payables for purchase of property, plant and equipment | 1,204.16         | 1,204.16         | 1,941.10         | 1,941.10         |
| Security deposits                                      | 43.54            | 43.54            | 41.63            | 41.63            |
| Trade payables   | 3,566.17         | 3,566.17         | 2,698.59         | 2,698.59         |
| Other financial liabilities (current)                  | 7,039.40         | 7,039.40         | 4,476.95         | 4,476.95         |
| <b>Total financial liabilities</b>                     | <b>18,357.80</b> | <b>18,357.80</b> | <b>18,404.07</b> | <b>18,404.07</b> |



## D. Financial risk management objectives and policies

### Financial risk management

The Company is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and market risk.

The Company's risk management is coordinated in close co-operation with the board of directors, and focuses on securing Company's short to medium term cash flows.

This note explains the sources of risk which the Company is exposed to and how the Company manages the risk and the related impact in these standalone financial statements.

### A. Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due to the Company causing financial loss. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

#### Credit risk management

Credit risk rating

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk on financial reporting date

B: High credit risk

The Company provides for expected credit loss based on the following:

| Asset group      | Basis of categorisation  | Provision for expected credit loss                   |
|------------------|--|--|
| Low credit risk  | Investment, Cash and cash equivalents and other financial assets except security deposits and amount recoverable | 12 month expected credit loss                        |
| High credit risk | Trade receivables, security deposits and amount recoverable  | Life time expected credit loss or fully provided for |

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

| ₹ in million        |  |                |                |
|---------------------|--|----------------|----------------|
| Credit rating       | Particulars  | March 31, 2018 | March 31, 2017 |
| A: Low credit risk  | Investment, Cash and cash equivalents and other financial assets except security deposits and amount recoverable | 5,199.66       | 6,139.91       |
| B: High credit risk | Trade receivables, security deposits and amount recoverable  | 5,356.29       | 6,067.67       |

#### Concentration of trade receivables

The Company has widespread customers and there is no concentration of trade receivables.

#### Credit risk exposure

##### Provision for expected credit losses

The Company provides for 12 month expected credit losses for following financial assets.

For the purpose of computation of expected credit loss, the Company has analysed the trend of provisions for doubtful debts created in earlier years. The average rate of provision has been computed based on the adjusted sales (excluding those where the Company does not have any historical provision) and provision for doubtful debtors created against those sales. As per this methodology, the Company has determined the expected credit loss as 5% for customers of subscription and carriage and 15% for advertisement customers.

Expected credit loss for trade receivables under simplified approach  
**as at March 31, 2018**

₹ in million

| <b>Particulars</b>   | <b>Estimated gross carrying amount at default</b> | <b>Expected credit losses</b> | <b>Carrying amount net of impairment provision</b> |
|----------------------|---|-------------------------------|--|
| Trade receivables    | 7,544.44  | (2,362.83)                    | 5,181.60   |
| Security deposits    | 82.47   | -                             | 82.47  |
| Advances recoverable | 92.21   | -                             | 92.21  |

**as at March 31, 2017**

₹ in million

| <b>Particulars</b>   | <b>Estimated gross carrying amount at default</b> | <b>Expected credit losses</b> | <b>Carrying amount net of impairment provision</b> |
|----------------------|---|-------------------------------|--|
| Trade receivables    | 7,185.77  | (1,985.43)                    | 5,200.34   |
| Security depositsWW  | 73.15   | -                             | 73.15  |
| Advances recoverable | 794.18  | -                             | 794.18   |

| <b>Particulars</b>                      | <b>₹ in million</b> |
|---|---------------------|
| <b>Loss allowance on April 01, 2016</b> | <b>(1,625.04)</b>   |
| Changes in loss allowance               | (360.39)            |
| <b>Loss allowance on March 31, 2017</b> | <b>(1,985.43)</b>   |
| Changes in loss allowance               | (377.40)            |
| <b>Loss allowance on March 31, 2018</b> | <b>(2,362.83)</b>   |

**B. Liquidity risk**

Liquidity risk is the risk that suitable sources of funding for the Company's business activities may not be available.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. Short term liquidity requirements comprises mainly of trade payables and employee dues arising during normal course of business as on each balance sheet date. Long- term liquidity requirement is assessed by the management on periodical basis and is managed through internal accruals and through funding commitments from shareholders. As at each statement of financial position date, the Company's liabilities having contractual maturities (including interest payments where applicable) are summarised as follows:

**Maturities of financial liabilities**

The amounts disclosed in the table are the contractual undiscounted cash flows.

₹ in million

| <b>Contractual maturities of financial liabilities</b>                         | <b>Less than one year</b> | <b>One to two years</b> | <b>More than two years</b> |
|--|---------------------------|-------------------------|----------------------------|
| <b>March 31, 2018</b>  |                           |                         |                            |
| <b>Non-derivatives</b>   |                           |                         |                            |
| Borrowings (non-current, financial liabilities) and interest on borrowings     | 6,970.20                  | 3,079.35                | 2,793.41                   |
| Borrowings (current, financial liabilities) and interest on borrowings         | 1,533.98                  | -                       | -                          |
| Payables for purchase of property, plant and equipment                         | 720.94                    | -                       | 1,204.16                   |
| Security deposits received from customers (non-current, financial liabilities) | -                         | -                       | 43.54                      |
| Book overdraft   | 89.35                     | -                       | -                          |
| Trade payables   | 3,566.17                  | -                       | -                          |
| <b>Total non-derivative liabilities</b>  | <b>12,880.64</b>          | <b>3,079.35</b>         | <b>4,041.11</b>            |

₹ in million

| Contractual maturities of financial liabilities                                | Less than one year | One to two years | More than two years |
|--|--------------------|------------------|---------------------|
| <b>March 31, 2017</b>  |                    |                  |                     |
| <b>Non-derivatives</b>   |                    |                  |                     |
| Borrowings (non-current, financial liabilities) and interest on borrowings     | 4,012.21           | 3,911.08         | 7,034.24            |
| Borrowings (current, financial liabilities) and interest on borrowings         | 62.47              | -                | -                   |
| Payables for purchase of property, plant and equipment                         | 952.19             | -                | 1,941.10            |
| Security deposits received from customers (non-current, financial liabilities) | -                  | -                | 41.63               |
| Book overdraft   | 555.43             | -                | -                   |
| Trade payables   | 2,698.59           | -                | -                   |
| <b>Total non-derivative liabilities</b>  | <b>8,280.89</b>    | <b>3,911.08</b>  | <b>9,016.97</b>     |

### C. Market Risk

The Company has foreign currency borrowings in the form of buyers credit and is exposed to change in the exchange rates. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (₹). The risk is measured through a forecast of highly probable foreign currency cash flows.

#### (i) Foreign currency risk

Foreign currency risk exposure:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows:

₹ in million

|  | March 31, 2018  | March 31, 2017  |
|--|-----------------|-----------------|
| <b>Financial assets (A)</b>                          | <b>51.75</b>    | <b>46.09</b>    |
| Trade receivables                                    | 51.75           | 46.09           |
| <b>Financial liabilities (B)</b>                     | <b>5,275.66</b> | <b>6,318.72</b> |
| Buyer's credit                                       | 3,350.56        | 3,425.44        |
| Payable to vendors for property, plant and equipment | 1,925.10        | 2,893.28        |
| <b>Net exposure (B-A)</b>                            | <b>5,223.91</b> | <b>6,272.63</b> |

#### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

₹ in million

|  | Impact on loss after tax |                |
|--|--------------------------|----------------|
|  | March 31, 2018           | March 31, 2017 |
| (₹)/USD and (₹)/EURO increased by 5% (previous year (₹)/USD increased by 5%) | (261.20)                 | (313.63)       |
| (₹)/USD and (₹)/EURO decreased by 5% (previous year (₹)/USD decreased by 5%) | 261.20                   | 313.63         |

#### (ii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

#### (a) Interest rate risk exposure

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. The Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates.

₹ in million

|                          | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
|--------------------------|-----------------------|-----------------------|
| Variable rate borrowings | 12,692.15             | 12,196.53             |
| Fixed rate borrowings    | -                     | -                     |
| <b>Total borrowings</b>  | <b>12,692.15</b>      | <b>12,196.53</b>      |

**(b) Sensitivity**

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

₹ in million

|   | <b>Impact on loss after tax</b> |                       |
|---|---------------------------------|-----------------------|
|   | <b>March 31, 2018</b>           | <b>March 31, 2017</b> |
| Interest rates – increase by 100 basis points (previous year 100 bps) | 126.92                          | 121.97                |
| Interest rates – decrease by 100 basis points (previous year 100 bps) | (126.92)                        | (121.97)              |

**38 RELATED PARTY TRANSACTIONS**

**(i) Promoter and Promoter Group\*\***

Dr. Subhash Chandra

Direct Media Solutions LLP (formerly known as Direct Media Solutions Private Limited)

Digital Satellite Media & Broadband Private Limited

Arrow Media & Broadband Private Limited

**(ii) Enterprises owned or significantly influenced by Promoter/Promoter Group\*\***

Zee Entertainment Enterprises Limited

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

Zee Turner Limited

**(iii) Names of related parties where control exists**

**Subsidiary companies**

Indian Cable Net Company Limited

Central Bombay Cable Network Limited

Siticable Broadband South Limited

Master Channel Community Network Private Limited (Subsidiary of Central Bombay Cable Network Limited)

Siti Vision Digital Media Private Limited

Siti Jind Digital Media Communications 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

Siti Global Private Limited

Siti Siri Digital Network Private Limited (formerly Siri Digital Network Private Limited)

Siti Broadband Services Private Limited

Siti Prime Uttaranchal Communication Private Limited (Formerly Capital Digital Multimedia Network Private Limited)

Siti Sagar Digital Cable Network Private Limited (formerly Panchsheel Digital Communication Network Private Limited)

Siti Saistar Digital Media Private Limited (formerly Saistar Digitalmedia Private Limited)

Siti Godaari Digital Services Private Limited (formerly Bargachh Digital Communication Network Private Limited)

Variety Entertainment Private Limited

|   |
|---|
| Indinet Service Private Limited (Subsidiary of Indian Cable Net Company Limited)  |
| Axom Communication & Cable Private Limited (Subsidiary of Indian Cable Net Company Limited)                             |
| <b>(iv) Associate companies</b>   |
| Siti Chhattisgarh Multimedia Private Limited (Associate of Siti Bhatia Network Entertainment Private Limited)           |
| Voice Snap Services Private Limited w.e.f. September 19, 2016 (Associate of Variety Entertainment Private Limited)      |
| <b>(v) Joint ventures</b>   |
| C&S Medianet Private Limited w.e.f. May 05, 2016  |
| Wire and Wireless Tisai Satellite Limited   |
| <b>(vi) Key Management Personnel (KMP)</b>  |
| Mr. V.D. Wadhwa, Executive Director and Chief Executive Officer (till June 05, 2017)                                    |
| Mr. Sidharth Balakrishna, Whole Time Director w.e.f. July 01, 2017  |
| Mr. Anil Jain, Head - Finance and Accounts (till September 09, 2017)  |
| Mr. Sanjay Berry, Chief Financial Officer (resigned on April 28, 2017, has been re-appointed w.e.f. September 01, 2017) |
| Mr. Sureshkumar Agarwal, Independent Director (till October 26, 2017)   |
| Mr. B.K. Syngal, Independent Director   |
| Mr. Vinod Kumar Bakshi, Independent Director  |
| Ms. Kavita Kapahi, Independent Director   |
| Mr. Sandeep Khurana, Independent Director (till November 03, 2017)  |
| Prof. Sunil Kumar Maheshwari, Independent Director w.e.f. November 03, 2017   |
| <b>(vii) Relatives of KMP**</b>   |
| Mrs. Shiela Wadhwa  |
| Mrs. Renu Wadhwa  |
| <b>(viii) Enterprises owned or significantly influenced by KMP or their relatives**</b>                                 |
| All India Digital Cable Federation  |
| Insight Financial Services Private Limited  |

\*\* With whom the Company has transactions during the current year and previous year.

### 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 of goods and services during the year Subsidiary companies

|   | ₹ in million   |                |
|---|----------------|----------------|
|   | March 31, 2018 | March 31, 2017 |
| Indian Cable Net Company Limited  | 355.84         | 230.36         |
| Master Channel Community Network Private Limited  | 116.56         | 139.65         |
| Siti Vision Digital Media Private Limited   | 108.17         | 98.86          |
| Siti Jind Digital Media Communications Private Limited  | 117.52         | 30.50          |
| Siti Krishna Digital Media Private Limited  | 2.65           | 6.66           |
| Siti Jony Digital Cable Network Private Limited   | 1.12           | 3.04           |
| Siti Guntur Digital Network Private Limited   | -              | 7.50           |
| Siti Maurya Cable Net Private Limited   | 3.28           | 3.50           |
| Siti Faction Digital Private Limited  | 7.75           | 19.63          |
| Siti Karnal Digital Media Network Private Limited   | 37.77          | 9.47           |
| Siti Siri Digital Network Private Limited (formerly Siri Digital Network Private Limited)                       | 275.02         | 336.92         |
| Siti Global Private Limited   | 9.00           | 0.30           |
| Siti Godaari Digital Services Private Limited (formerly Bargachh Digital Communication Network Private Limited) | -              | 26.53          |



₹ in million

|  | March 31, 2018 | March 31, 2017 |
|--|----------------|----------------|
| Siti Prime Uttaranchal Communication Private Limited (Formerly Capital Digital Multimedia Network Private Limited)   | 13.46          | 86.47          |
| Siti Broadband Services Private Limited  | 261.22         | 168.49         |
| Siti Bhatia Network Entertainment Private Limited  | 2.58           | 7.53           |
| Siti Sagar Digital Cable Network Private Limited (formerly Panchsheel Digital Communication Network Private Limited) | 3.80           | 8.67           |
| Siti Saistar Digital Media Private Limited (formerly Saistar Digitalmedia Private Limited)                           | 109.09         | 332.33         |
| Axom Communication & Cable Private Limited   | 3.43           | 1.82           |
| <b>Enterprises owned or significantly influenced by Promoter/Promoter Group</b>                                      |                |                |
| Zee Entertainment Enterprises Limited  | 263.30         | 272.00         |
| Zee Media Corporation Limited (formerly known as Zee News Limited)   | 95.18          | 95.18          |

**b) Purchase of goods and services during the year**

₹ in million

|  | March 31, 2018 | March 31, 2017 |
|--|----------------|----------------|
| <b>Subsidiary companies</b>  |                |                |
| Indian Cable Net Company Limited   | 270.45         | 99.75          |
| Siti Saistar Digital Media Private Limited (formerly Saistar Digitalmedia Private Limited) | -              | 0.59           |
| Variety Entertainment Private Limited  | -              | 0.48           |
| Siti Broadband Services Private Limited  | -              | 0.37           |
| <b>Enterprises owned or significantly influenced by Promoter/Promoter Group</b>            |                |                |
| Zee Entertainment Enterprises Limited  | 639.61         | 5.39           |
| Zee Media Corporation Limited (formerly known as Zee News Limited)                         | -              | 2.55           |
| <b>Enterprises owned or significantly influenced by KMP or their relatives</b>             |                |                |
| All India Digital Cable Federation   | 2.01           | -              |
| Insight Financial Services Private Limited   | 4.20           | 8.87           |

**c) Set top boxes hiring charge paid during the year**

₹ in million

|   | March 31, 2018 | March 31, 2017 |
|---|----------------|----------------|
| <b>Subsidiary companies</b>   |                |                |
| Siti Faction Digital Private Limited  | 2.23           | -              |
| Siti Jony Digital Cable Network Private Limited   | 0.39           | -              |
| Siti Krishna Digital Media Private Limited  | 0.67           | -              |
| Siti Godaari Digital Services Private Limited (formerly Bargachh Digital Communication Network Private Limited) | 2.97           | -              |

**d) Balance at the end of year subsidiaries**

₹ in million

|  | March 31, 2018 | March 31, 2017 |
|--|----------------|----------------|
| <b>Subsidiary companies</b>                            |                |                |
| Indian Cable Net Company Limited                       | 1,167.18       | 1,048.77       |
| Master Channel Community Network Private Limited       | 378.55         | 311.10         |
| Siti Vision Digital Media Private Limited              | 307.73         | 338.06         |
| Siti Jind Digital Media Communications Private Limited | 135.79         | 89.37          |
| Siticable Broadband South Limited                      | -              | 9.80           |
| Siti Jai Maa Durgee Communications Private Limited     | 9.30           | 9.34           |
| Siti Krishna Digital Media Private Limited             | 9.66           | 19.81          |

₹ in million

|  | March 31, 2018 | March 31, 2017 |
|--|----------------|----------------|
| Siti Jony Digital Cable Network Private Limited  | 6.46           | 9.38           |
| Siti Guntur Digital Network Private Limited  | 40.60          | 47.70          |
| Siti Maurya Cable Net Private Limited  | 15.49          | 11.62          |
| Siti Faction Digital Private Limited   | 121.75         | 129.38         |
| Siti Karnal Digital Media Network Private Limited  | 128.46         | 130.39         |
| Siti Siri Digital Network Private Limited (formerly Siri Digital Network Private Limited)                            | 384.36         | 234.92         |
| Siti Global Private Limited  | 62.40          | 58.26          |
| Siti Godaari Digital Services Private Limited (formerly Bargachh Digital Communication Network Private Limited)      | 82.02          | 84.72          |
| Siti Bhatia Network Entertainment Private Limited  | 64.01          | 62.99          |
| Siti Prime Uttaranchal Communication Private Limited (Formerly Capital Digital Multimedia Network Private Limited)   | 91.75          | 87.30          |
| Siti Broadband Services Private Limited  | -              | 125.19         |
| Siti Sagar Digital Cable Network Private Limited (formerly Panchsheel Digital Communication Network Private Limited) | 52.23          | 59.21          |
| Siti Saistar Digital Media Private Limited (formerly Saistar Digitalmedia Private Limited)                           | 308.64         | 266.83         |
| Axom Communications & Cable Private Limited  | 47.42          | 43.46          |
| Variety Entertainment Private Limited  | 0.02           | -              |
| Indinet Service Private Limited  | 0.04           | -              |
| <b>Jointly ventures</b>  |                |                |
| Wire and Wireless Tisai Satellite Limited  | 37.96          | 37.83          |
| <b>Enterprises owned or significantly influenced by Promoter/Promoter Group</b>                                      |                |                |
| <b>Trade receivables</b>   |                |                |
| Zee Entertainment Enterprises Limited  | 133.83         | 113.78         |
| Zee Media Corporation Limited (formerly known as Zee News Limited)   | 45.00          | 99.38          |
| <b>Trade payables</b>  |                |                |
| Zee Entertainment Enterprises Limited  | 601.73         | 3.08           |
| Zee Turner Limited   | 293.66         | 280.94         |
| Zee Media Corporation Limited (formerly known as Zee News Limited)   | 15.96          | 15.96          |
| <b>Security deposit given</b>  |                |                |
| Zee Turner Limited   | 12.72          | 13.15          |

**e) Expenditure paid by the Company on behalf of others and expenditure paid by others on behalf of the Company:**

|  | Expenditure paid by the Company<br>on behalf of the others |                | Expenditure paid by others<br>on behalf of the Company |                |
|--|--|----------------|--|----------------|
|  | March 31, 2018   | March 31, 2017 | March 31, 2018   | March 31, 2017 |
| <b>Subsidiary companies</b>                            |  |                |  |                |
| Siti Vision Digital Media Private Limited              | 0.02   | 0.12           | 1.32   | -              |
| Siticable Broadband South Limited                      | 0.02   | 0.02           | -  | -              |
| Central Bombay Cable Network Limited                   | 0.07   | -              | -  | -              |
| Master Channel Community Network Private Limited       | 0.86   | 8.74           | -  | -              |
| Siti Jai Maa Durgjee Communications Private Limited    | 0.04   | 0.02           | 0.08   | 0.09           |
| Siti Faction Digital Private Limited                   | 0.01   | 0.21           | -  | 0.13           |
| Indian Cable Net Company Limited                       | 23.13  | 116.88         | 47.38  | 32.66          |
| Siti Jind Digital Media Communications Private Limited | 1.95   | 34.82          | -  | -              |
| Siti Krishna Digital Media Private Limited             | 0.01   | 0.01           | -  | -              |
| Siti Karnal Digital Media Network Private Limited      | 5.51   | 69.87          | -  | -              |
| Siti Guntur Digital Network Private Limited            | 0.04   | 0.11           | -  | -              |

|  | Expenditure paid by the Company<br>on behalf of the others |                | Expenditure paid by others<br>on behalf of the Company |                |
|--|--|----------------|--|----------------|
|  | March 31, 2018   | March 31, 2017 | March 31, 2018   | March 31, 2017 |
| Siti Global Private Limited  | 0.47   | 7.16           | -  | -              |
| Siti Godaari Digital Services Private Limited<br>(formerly Bargachh Digital Communication<br>Network Private Limited)      | 3.82   | 0.02           | -  | -              |
| Siti Prime Uttaranchal Communication Private<br>Limited (Formerly Capital Digital Multimedia<br>Network Private Limited)   | 1.78   | 1.13           | -  | -              |
| Siti Maurya Cable Net Private Limited  | 0.00   | 0.01           | -  | -              |
| Siti Siri Digital Network Private Limited (formerly<br>Siri Digital Network Private Limited)                               | 0.01   | 0.03           | 10.31  | 4.00           |
| Siti Bhatia Network Entertainment Private Limited  | 0.49   | 0.00           | -  | -              |
| Siti Broadband Services Private Limited  | 0.12   | 0.02           | 0.14   | -              |
| Siti Sagar Digital Cable Network Private Limited<br>(formerly Panchsheel Digital Communication<br>Network Private Limited) | 1.27   | 9.02           | -  | -              |
| Siti Saistar Digital Media Private Limited (formerly<br>Saistar Digitalmedia Private Limited)                              | 106.22   | -              | -  | -              |
| Siti Jony Digital Cable Network Private Limited  | 0.01   | 0.00           | -  | -              |
| Axom Communications & Cable Private Limited  | 0.02   | -              | -  | -              |
| Indinet Service Private Limited  | 0.28   | -              | -  | -              |
| Variety Entertainment Private Limited  | 0.01   | -              | -  | -              |
| <b>Jointly ventures</b>  |  |                |  |                |
| Wire and Wireless Tisai Satellite Limited  | 0.13   | 0.04           | -  | -              |
| <b>Enterprises owned or significantly influenced<br/>by Promoter/Promoter Group</b>  |  |                |  |                |
| Zee Entertainment Enterprises Limited  | 0.12   | -              | 7.14   | 10.06          |

**f) Advances given and repayment thereof**

₹ in million

| Subsidiary companies   |                | Advances<br>given | Repayment/<br>Adjustments | Balance owed by<br>related parties |
|--|----------------|-------------------|---------------------------|------------------------------------|
| Indian Cable Net Company Limited   | March 31, 2018 | 17.00             | 195.85                    | -                                  |
|  | March 31, 2017 | 33.00             | 173.19                    | 178.85                             |
| Central Bombay Cable Network Limited   | March 31, 2018 | 1.53              | 387.21                    | -                                  |
|  | March 31, 2017 | 870.04            | 505.20                    | 385.68                             |
| Siticable Broadband South Limited  | March 31, 2018 | 4.64              | 94.99                     | -                                  |
|  | March 31, 2017 | 40.96             | 2.00                      | 90.35                              |
| Siti Vision Digital Media Private Limited  | March 31, 2018 | 20.01             | 2.15                      | 60.29                              |
|  | March 31, 2017 | 20.27             | 18.16                     | 42.43                              |
| Master Channel Community Network Private Limited                                   | March 31, 2018 | -                 | -                         | 2.88                               |
|  | March 31, 2017 | -                 | -                         | 2.88                               |
| Siti Jai Maa Durgee Communications Private Limited                                 | March 31, 2018 | 3.24              | 2.44                      | 6.28                               |
|  | March 31, 2017 | 4.26              | 0.01                      | 5.48                               |
| Variety Entertainment Private Limited  | March 31, 2018 | 16.32             | 50.44                     | -                                  |
|  | March 31, 2017 | 238.62            | 557.32                    | 34.12                              |
| Siti Guntur Digital Network Private Limited  | March 31, 2018 | -                 | -                         | 10.65                              |
|  | March 31, 2017 | -                 | -                         | 10.65                              |
| <b>Enterprises owned or significantly influenced by<br/>KMP or their relatives</b> |                |                   |                           |                                    |
| All India Digital Cable Federation   | March 31, 2018 | -                 | 0.63                      | -                                  |
|  | March 31, 2017 | 4.11              | 6.51                      | 0.63                               |

**g) Money received against preferential allotment**

|   | ₹ in million          |                       |
|---|-----------------------|-----------------------|
|   | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
| Arrow Media & Broadband Private Limited (allotment of warrants) | -                     | 1,500.00              |

**h) Investment in Optionally Convertible Debenture**

|  | ₹ in million          |                       |
|--|-----------------------|-----------------------|
|  | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
| Siti Siri Digital Network Private Limited (formerly Siri Digital Network Private Limited)  | 735.86                | 736.91                |
| Siti Saistar Digital Media Private Limited (formerly Saistar Digitalmedia Private Limited) | 231.50                | 231.89                |
| Variety Entertainment Private Limited  | -                     | 234.48                |
| Siti Broadband Services Private Limited  | -                     | 136.77                |

**i) Redemption of optionally convertible debentures**

|   | ₹ in million          |                       |
|---|-----------------------|-----------------------|
|   | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
| Variety Entertainment Private Limited   | 234.00                | -                     |
| Siti Broadband Services Private Limited | 136.40                | -                     |

**j) Equity share capital issued on conversion of warrants and optionally fully convertible debentures**

|   | ₹ in million          |                       |
|---|-----------------------|-----------------------|
|   | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
| Digital Satellite Media & Broadband Private Limited | -                     | 722.00                |
| Arrow Media & Broadband Private Limited             | -                     | 2,000.00              |

**k) Remuneration to KMP**

|                            | ₹ in million          |                       |
|----------------------------|-----------------------|-----------------------|
|                            | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
| Mr. V.D. Wadhwa            | 1.95                  | 21.94                 |
| Mr. Siddhartha Balakrishna | 3.63                  | -                     |
| Mr. Anil Jain              | 5.03                  | 5.82                  |
| Mr. Sanjay Berry           | 6.59                  | -                     |

**l) Compensated absences**

|                            | ₹ in million          |                       |
|----------------------------|-----------------------|-----------------------|
|                            | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
| Mr. V.D. Wadhwa            | 1.80                  | 1.64                  |
| Mr. Siddhartha Balakrishna | 0.20                  | -                     |
| Mr. Anil Jain              | 0.42                  | 0.28                  |
| Mr. Sanjay Berry           | 0.08                  | -                     |

**m) Director sitting fees**

|                              | ₹ in million          |                       |
|------------------------------|-----------------------|-----------------------|
|                              | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
| Mr. B.K. Syngal              | 0.42                  | 0.30                  |
| Mr. Vinod Kumar Bakshi       | 0.48                  | 0.54                  |
| Ms. Kavita Kapahi            | 0.24                  | 0.06                  |
| Mr. Sureshkumar Agarwal      | 0.20                  | 0.08                  |
| Prof. Sunil Kumar Maheshwari | 0.06                  | -                     |

**n) Purchase of services**

₹ in million

|                  | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
|------------------|-----------------------|-----------------------|
| Relatives of KMP | 2.69                  | 6.24                  |

**o) Corporate guarantee given by**

₹ in million

|                                       | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
|---------------------------------------|-----------------------|-----------------------|
| Zee Entertainment Enterprises Limited | 867.00                | 870.00                |

**p) Trade receivables assigned**

₹ in million

|   | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
|---|-----------------------|-----------------------|
| Variety Entertainment Private Limited   |                       |                       |
| Assigned trade receivable received back | -                     | 202.36                |

**q)** Direct Media Solutions LLP (formerly known as Direct Media Solutions Private Limited), a stakeholder of the Company, has provided financial support as is necessary to enable the Company to fulfil all its obligations incurred in foreseeable future, atleast upto and including March 31, 2021, to enable it to continue as a going concern until such time period.

Further, the stakeholder has indemnified the Company against certain advances and receivables, if such are not adjusted/recovered in near future. The aforementioned indemnity shall also cover any amounts further advanced and receivable from such parties.

**39 CAPITAL AND OTHER COMMITMENTS**

Estimated amount of contracts remaining to be executed and not provided for (net of advances) amounting to ₹ 174.46 million (previous year: ₹ 189.75 million).

**40** Previous year's amounts have been regrouped wherever deemed appropriate.

**41 CONTINGENT LIABILITIES AND LITIGATIONS**

- i) Claims against the Company not acknowledged as debts ₹ 108.74 million\* (previous year: ₹ 33.52 million).
- ii) Demands raised by the statutory authorities being contested by the Company:

₹ in million

|                          | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
|--------------------------|-----------------------|-----------------------|
| Service tax Matters*     | 119.21                | 119.21                |
| Vat/Sales tax Matters*   | 45.58                 | 154.34                |
| Other statutory matters* | -                     | 0.41                  |
|                          | <b>164.79</b>         | <b>273.96</b>         |

\* excludes pending cases/litigations including ones with business associates/statutory authorities where the management believes that no material liability will devolve on the Company in respect of these litigations or where amount of liability is not ascertainable.

**42 UNHEDGED FOREIGN CURRENCY EXPOSURE**

Particulars of unhedged foreign currency exposure as at reporting date:

|  | <b>March 31, 2018</b> |                    |                     | <b>March 31, 2017</b> |                    |                     |
|--|-----------------------|--------------------|---------------------|-----------------------|--------------------|---------------------|
|  | <b>EURO million</b>   | <b>USD million</b> | <b>₹ in million</b> | <b>EURO million</b>   | <b>USD million</b> | <b>₹ in million</b> |
| Trade receivables for carriage income                  | -                     | 0.80               | 51.75               | -                     | 0.71               | 46.09               |
| Payables for purchase of property, plant and equipment | 6.91                  | 21.03              | 1,925.10            | -                     | 44.62              | 2,893.28            |
| Buyers' credit (Secured loan)                          | 0.76                  | 50.57              | 3,350.56            | -                     | 52.83              | 3,425.44            |

\* Closing rate as at March 31, 2018: 1 USD = ₹ 65.04 (previous year: 1 USD = ₹ 64.84); 1 EURO = ₹ 80.62 (previous year: 1 EURO = ₹ 69.25)



**43** The breakup of year end deferred tax assets and liabilities into major components of the respective balance is as under:

₹ in million

| Particulars   | March 31, 2018 | March 31, 2017 |
|---|----------------|----------------|
| <b>Deferred tax liabilities</b>   |                |                |
| Temporary difference in depreciation and amortisation of property, plant and equipment and other intangible assets. | 205.02         | 201.10         |
| Gross deferred tax liabilities  | <b>205.02</b>  | <b>201.10</b>  |
| <b>Deferred tax assets</b>  |                |                |
| Provision for doubtful debts  | 205.02         | 201.10         |
| Gross deferred tax assets   | <b>205.02</b>  | <b>201.10</b>  |
| <b>Net deferred tax liability/(assets)</b>  | -              | -              |

In the absence of probability of sufficient future taxable income, the Company has recognised deferred tax assets only to the extent of deferred tax liability.

During the financial year 2016-2017, the current tax amount of ₹ 2.58 million pertains to TDS recoverable written-off. Considering the Company is into continuous losses, no income tax provision has been created for the current year.

#### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom :

|                                  | March 31, 2018 |                         | March 31, 2017 |                         |
|----------------------------------|----------------|-------------------------|----------------|-------------------------|
|                                  | Gross amount   | Unrecognised tax effect | Gross amount   | Unrecognised tax effect |
| Deductible temporary differences | 7,057.71       | 2,180.83                | 5,023.15       | 1,552.16                |
| Brought forward losses           | 1,161.76       | 358.98                  | 1,962.37       | 606.37                  |

The tax losses expire in assessment year 2019-2024. The deductible temporary differences which includes unabsorbed depreciation and provision for doubtful debts do not expire under current tax legislation.

#### 44 UTILISATION OF PROCEEDS FROM PREFERENTIAL ALLOTMENT

The Company had issued 142,857,142 warrants at ₹ 35 per warrant during the year 2015-16. The Company had also issued Optionally Fully Convertible Debenture (OFCD) 51,428,571 each at ₹ 35 per OFCD during the year 2015-16. Given below are the details of utilisation of proceeds raised through preferential issue.

₹ in million

| Particulars                                    | March 31, 2018 | March 31, 2017 |
|--|----------------|----------------|
| Unutilised amount at the beginning of the year | 477.16         | 1,090.49       |
| Add: Amount received during the year           | -              | 1,500.00       |
| Less: Amount utilised during the year          |                |                |
| Repayments of debts of the Company             | 477.16         | 1,588.49       |
| Capital expenditure                            | -              | 24.84          |
| Working capital requirement                    | -              | 500.00         |
| Unutilised amount at the end of the year       | -              | <b>477.16</b>  |

Since the money is fungible, utilisation had been linked with the payment made from a common bank account post transfer of fund from the bank account separately maintained for the receipt of preferential allotment proceeds.

## 45 CAPITAL MANAGEMENT

### Risk Management

The Company's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth. The Company's overall strategy remains unchanged from previous year. The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirements are met through a mixture of equity, internal fund generation and other non-current borrowings. The Company's policy is to use current and non-current borrowings to meet anticipated funding requirements. The Company monitors capital on the basis of the gearing ratio which is net debt divided by total capital (equity plus net debt). The Company is not subject to any externally imposed capital requirements. Net debt are non-current and current borrowings as reduced by cash and cash equivalents, other bank balances and current investments. Equity comprises all components including other comprehensive income.

₹ in million

| Particulars   | March 31, 2018   | March 31, 2017   |
|---|------------------|------------------|
| Cash and cash equivalents (refer note 11)                       | 311.16           | 1,002.47         |
| Current investments (refer note 12)                             | -                | 4.40             |
| Margin money (refer note 7)                                     | 642.14           | 843.35           |
| <b>Total cash (A)</b>   | <b>953.30</b>    | <b>1,850.22</b>  |
| Borrowings (non-current, financial liabilities) (refer note 16) | 5,012.04         | 9,201.94         |
| Borrowings (current, financial liabilities) (refer note 20)     | 1,492.49         | 43.86            |
| Current maturities of long-term borrowings (refer note 22)      | 6,186.53         | 2,949.69         |
| Current maturities of finance lease obligations (refer note 22) | 1.09             | 1.03             |
| <b>Total borrowing (B)</b>                                      | <b>12,692.15</b> | <b>12,196.52</b> |
| <b>Net debt (C=B-A)</b>   | <b>11,738.85</b> | <b>10,346.30</b> |
| Total equity (refer note 15)                                    | 3,194.15         | 5,257.47         |
| <b>Total capital (equity + net debts) (D)</b>                   | <b>14,933.00</b> | <b>15,603.77</b> |
| <b>Gearing ratio (C/D)</b>                                      | <b>0.79</b>      | <b>0.66</b>      |

## 46 ASSETS PLEDGED AS SECURITY

₹ in million

| The carrying amount of assets pledged as security are:                   | Note | March 31, 2018   | March 31, 2017   |
|--|------|------------------|------------------|
| <b>Current assets</b>  |      |                  |                  |
| a) Inventories   | 9    | 14.84            | 79.39            |
| b) Financial assets  |      |                  |                  |
| i) Trade receivables   | 10   | 5,181.60         | 5,200.34         |
| ii) Cash and cash equivalents  | 11   | 311.16           | 1,002.47         |
| iii) Investments   | 12   | -                | 4.40             |
|  |      | <b>5,507.60</b>  | <b>6,286.60</b>  |
| <b>Non-current assets</b>  |      |                  |                  |
| a) Property, plant and equipment   | 4    | 8,552.40         | 7,709.23         |
| b) Capital work-in-progress  | 4    | 818.25           | 2,033.91         |
| c) Other intangible assets   | 5    | 1,376.03         | 1,087.10         |
| d) Intangible assets under development                                   | 4    | 73.37            | 180.91           |
| e) Financial assets  |      |                  |                  |
| i) Margin money deposit (pledged) and deposit with statutory authorities | 7    | 642.14           | 843.35           |
|  |      | <b>11,462.19</b> | <b>11,854.50</b> |
| <b>Total assets</b>  |      | <b>16,969.79</b> | <b>18,141.10</b> |

#### 47 INFORMATION UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013

There are no investments or loan given or guarantee provided or security given by the Company other than the investments and loans stated under note 6 in these standalone financial statements, which have been made predominantly for the purpose of business.

48 The Company predominantly operates in a single business segment of cable distribution in India only. Hence there are no separately reportable business or geographical segments as per Indian Accounting Standard ('Ind AS') 108 on Operating Segments. The aforesaid is in line with the way operating results are reviewed and viewed by the chief operating decision maker(s).

49 Exceptional item amounting to ₹ 46.80 million represents amount incurred towards settlement as a one time cost towards restructuring of the operations to improve efficiencies.

The Company had recognised certain receivables in prior years pertaining to billings done on estimation (net) basis. The Company had reached further negotiations with the customers and had accordingly written off such old receivables amounting to ₹ 202.36 million based on management's best estimates, which were disclosed as exceptional items during the year ended March 31, 2017.

#### 50 POST REPORTING DATE EVENTS

No adjusting or significant non-adjusting events have occurred between March 31, 2018 and the date of authorisation of these standalone financial statements.

This is the Summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

**Sumit Mahajan**  
Partner  
Membership No. : 504822

Place: Gurugram  
Date: May 17, 2018

For and on behalf of the Board of Directors of  
**SITI Networks Limited (formerly SITI Cable Network Limited)**

**B.K. Syngal**  
Independent Director

**Sanjay Berry**  
Chief Financial Officer

**Vinod Kumar Bakshi**  
Independent Director

**Suresh Kumar**  
Company Secretary

# Independent Auditor's Report

**To the Members of  
SITI Networks Limited  
(formerly SITI Cable Network Limited)**

## **REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

1. We have audited the accompanying consolidated financial statements of SITI Networks Limited (formerly SITI Cable Network Limited) ('the Holding Company') and its subsidiary companies (the Holding Company and its subsidiary companies together referred to as 'the Group'), its associates and joint ventures, which comprise the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity 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 state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. The respective Board of Directors/management of the companies included in the Group and its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, 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 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 these consolidated financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used 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 paragraph 9 under the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these 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 separate financial statements and on the other financial information of the subsidiary companies, associates and joint ventures 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 (consolidated financial position) of the Group, its associates and joint ventures as at March 31, 2018, and their consolidated loss (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

## **OTHER MATTERS**

9. We did not audit the financial statements of 19 subsidiary companies, whose financial statements reflect total assets of ₹ 13,850.02 million and net assets of ₹ 3,837.40 million as at March 31, 2018, total revenues of ₹ 6,798.29 million and net cash outflows amounting to ₹ 71.94 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 4.71 million for the year ended March 31, 2018, as considered in the consolidated financial statements, in respect of an associate and two joint ventures, whose financial statements have not been audited by us. These financial statements of the

subsidiary companies, associate and joint ventures have been audited by other auditors whose reports have been furnished to us by the management of the Company and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary companies, associate and joint ventures, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary companies, associate and joint ventures, is based solely on the reports of the other auditors.

10. We did not audit the financial statements of 5 subsidiary companies, whose financial statements reflect total assets of ₹ 1,827.38 million and net assets of ₹ (143.30) million as at March 31, 2018, total revenues of ₹ 759.86 million and net cash outflows amounting to ₹ 8.01 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 1.09 million for the year ended March 31, 2018, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited. These financial statements of the aforementioned subsidiary companies and the associate are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary companies and associate, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary companies and associate, are based solely on such management certified unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors and the financial statements certified by the management.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiary companies, associate and joint ventures, we report, to the extent applicable, that:
- We and other auditors whose reports we have relied upon 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;
  - 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.
  - 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;

- in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;
- On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of subsidiary companies, associate company and joint venture companies covered under the Act, none of the directors of the Group companies, its associate company and joint venture companies covered under the Act, are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary companies, associate company and joint venture companies covered under the Act and the operating effectiveness of such controls, refer to our separate report in 'Annexure 1';
- With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary companies, associates and joint ventures:
  - The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures as detailed in Note 43 and 45 to the consolidated financial statements;
  - the Group, its associate and joint ventures did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses based on our audit and on consideration of the reports of the other auditors;
  - 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, associate company and joint venture companies covered under the Act during the year ended March 31, 2018 based on our audit and on consideration of the reports of the other auditors;
  - the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sumit Mahajan**  
Partner

Membership No.: 504822

Place: Gurugram  
Date: May 17, 2018



# Annexure 1

## Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of SITI Networks Limited (formerly SITI Cable Network Limited) ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint ventures as at and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company, its subsidiary companies, its associate company and joint venture companies, which are companies covered under the Act, as at that date.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

### AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, its subsidiary companies, its associate company and joint venture companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing ('Standards'), issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

5. We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company, its subsidiary companies, its associate company and joint venture companies, as aforesaid.

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that

the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### OPINION

8. In our opinion and based on the consideration of the reports of the other auditors on IFCoFR of the subsidiary companies, associate company and joint venture companies, the Holding Company, its subsidiary companies, its associate company and joint venture companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the respective company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### OTHER MATTERS

9. We did not audit the IFCoFR in so far as it relates to 19 subsidiary companies which are companies covered under the Act, whose financial statements reflect total assets of ₹ 13,850.02 million and net assets of ₹ 3,837.40 million as at March 31, 2018, total revenues of ₹ 6,798.29 million and net outflows amounting to ₹ 71.94 million for the year ended on that date, as considered in the consolidated financial statements.

The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹ 4.71 million for the year ended March 31, 2018, in respect of an associate company and two joint venture companies, which are companies covered under the Act, whose IFCoFR have not been audited by us. The IFCoFR in so far as it relates to such subsidiary companies, associate company and joint venture companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company, its subsidiary companies, its associate company and joint venture companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies, associate company and joint venture companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sumit Mahajan**

Partner

Membership No.: 504822

Place: Gurugram

Date: May 17, 2018

# CONSOLIDATED BALANCE SHEET

as at March 31, 2018

₹ in million

|  | Note   | As at<br>March 31, 2018 | As at<br>March 31, 2017 |
|--|--------|-------------------------|-------------------------|
| <b>ASSETS</b>  |        |                         |                         |
| <b>Non-current assets</b>                                |        |                         |                         |
| a) Property, plant and equipment                         | 4      | 16,493.91               | 14,043.30               |
| b) Capital work-in-progress                              | 4(a)   | 1,458.97                | 4,110.94                |
| c) Investment Property                                   | 5      | 669.21                  | -                       |
| d) Goodwill  | 6      | 540.45                  | 582.58                  |
| e) Other intangible assets                               | 6      | 2,601.58                | 2,488.01                |
| f) Intangible assets under development                   | 4(a)   | 73.37                   | 180.91                  |
| g) Investments in joint ventures and associates          | 7      | 47.17                   | 46.97                   |
| h) Financial assets                                      |        |                         |                         |
| i) Other financial assets                                | 8      | 782.97                  | 945.37                  |
| i) Deferred tax asset (net)                              | 20     | 10.43                   | 5.88                    |
| j) Other non-current assets                              | 9      | 159.09                  | 447.48                  |
|  |        | <b>22,837.15</b>        | <b>22,851.44</b>        |
| <b>Current assets</b>                                    |        |                         |                         |
| a) Inventories   | 10     | 145.25                  | 92.93                   |
| b) Financial assets                                      |        |                         |                         |
| i) Trade receivables                                     | 11     | 3,687.62                | 3,631.40                |
| ii) Cash and cash equivalents                            | 12     | 935.31                  | 1,706.56                |
| iii) Bank balances other than (ii) above                 | 12     | 325.52                  | -                       |
| iv) Investments  | 13     | -                       | 4.40                    |
| v) Others  | 14     | 1,006.66                | 1,466.42                |
| c) Current tax assets                                    |        | 56.49                   | 46.00                   |
| d) Other current assets                                  | 15     | 1,908.85                | 1,598.20                |
|  |        | <b>8,065.70</b>         | <b>8,545.91</b>         |
| <b>Total assets</b>                                      |        | <b>30,902.85</b>        | <b>31,397.35</b>        |
| <b>EQUITY AND LIABILITIES</b>                            |        |                         |                         |
| <b>Equity</b>  |        |                         |                         |
| a) Equity share capital                                  | 16 (a) | 872.67                  | 872.67                  |
| b) Other equity  | 16 (c) | 2,557.29                | 4,500.61                |
| <b>Equity attributable to owners of the parent (a+b)</b> |        | <b>3,429.96</b>         | <b>5,373.28</b>         |
| c) Non controlling-interest                              |        | 1,160.33                | 920.44                  |
|  |        | <b>4,590.29</b>         | <b>6,293.72</b>         |
| <b>Liabilities</b>                                       |        |                         |                         |
| <b>Non-current liabilities</b>                           |        |                         |                         |
| a) Financial liabilities                                 |        |                         |                         |
| i) Borrowings  | 17     | 5,971.94                | 10,381.61               |
| ii) Other financial liabilities                          | 18     | 1,992.65                | 1,978.57                |
| b) Provisions  | 19     | 75.46                   | 78.45                   |
| c) Deferred tax liabilities (net)                        | 20     | 124.18                  | 119.61                  |
| d) Other non-current liabilities                         | 21     | 1,189.53                | 1,218.86                |
|  |        | <b>9,353.76</b>         | <b>13,777.10</b>        |
| <b>Current liabilities</b>                               |        |                         |                         |
| a) Financial liabilities                                 |        |                         |                         |
| i) Borrowings  | 22     | 1,566.06                | 196.06                  |
| ii) Trade payables                                       | 23     | 5,255.95                | 4,087.26                |
| iii) Other financial liabilities                         | 24     | 8,373.12                | 5,118.50                |
| b) Provisions  | 25     | 12.18                   | 161.79                  |
| c) Other current liabilities                             | 26     | 1,751.54                | 1,762.92                |
|  |        | <b>16,958.85</b>        | <b>11,326.53</b>        |
| <b>Total equity and liabilities</b>                      |        | <b>30,902.85</b>        | <b>31,397.35</b>        |

The accompanying notes are an integral part of these consolidated financial statements.  
This is the consolidated balance sheet referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

**Sumit Mahajan**  
Partner  
Membership No.: 504822

For and on behalf of the Board of Directors of  
**SITI Networks Limited (formerly SITI Cable Network Limited)**

**B.K. Syngal**  
Independent Director

**Sanjay Berry**  
Chief Financial Officer

**Vinod Kumar Bakshi**  
Independent Director

**Suresh Kumar**  
Company Secretary

Place: Gurugram  
Date: May 17, 2018

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2018

₹ in million

|  | Note | March 31, 2018    | March 31, 2017    |
|--|------|-------------------|-------------------|
| <b>Income</b>  |      |                   |                   |
| Revenue from operations  | 27   | 14,104.01         | 11,949.16         |
| Other income   | 28   | 159.73            | 258.85            |
| <b>Total income</b>  |      | <b>14,263.74</b>  | <b>12,208.01</b>  |
| <b>Expenses</b>  |      |                   |                   |
| Cost of materials consumed   |      | 17.65             | 17.17             |
| Purchase of traded goods   |      | 15.62             | 145.00            |
| Carriage sharing, pay channel and related costs  |      | 6,379.02          | 5,971.33          |
| Employee benefits expense  | 29   | 904.94            | 832.90            |
| Finance costs  | 30   | 1,395.49          | 1,274.47          |
| Depreciation and amortisation of non-financial assets  | 31   | 3,261.70          | 2,411.82          |
| Other expenses   | 32   | 3,701.31          | 2,954.67          |
| <b>Total expenses</b>  |      | <b>15,675.73</b>  | <b>13,607.36</b>  |
| <b>Loss before share of profit/(loss) of associates and joint ventures, exceptional item and tax</b> |      | <b>(1,411.99)</b> | <b>(1,399.35)</b> |
| Share of (loss)/profit of associates and jointly ventures  |      | (5.80)            | 2.04              |
| <b>Loss before exceptional item and tax</b>  |      | <b>(1,417.79)</b> | <b>(1,397.31)</b> |
| Exceptional item   | 57   | 163.41            | 202.36            |
| <b>Loss before tax</b>   |      | <b>(1,581.20)</b> | <b>(1,599.67)</b> |
| <b>Tax expense</b>   |      |                   |                   |
| Current tax  |      | 72.78             | 103.55            |
| Deferred tax   |      | 44.99             | 89.09             |
| <b>Loss for the year</b>   |      | <b>(1,698.97)</b> | <b>(1,792.31)</b> |
| <b>Other comprehensive Income</b>  |      |                   |                   |
| Items that will not be reclassified to profit or loss in subsequent periods                          |      | 3.91              | 2.25              |
| <b>Total comprehensive income for the period (including non-controlling interest)</b>                |      | <b>(1,695.06)</b> | <b>(1,790.06)</b> |
| <b>Net loss attributable to:</b>   |      |                   |                   |
| A Owners of the parent   |      | (1,938.57)        | (1,885.29)        |
| B Non-controlling interest   |      | 239.60            | 92.98             |
| <b>Other comprehensive income attributable to:</b>   |      |                   |                   |
| A Owners of the parent   |      | 3.62              | 1.35              |
| B Non-controlling interest   |      | 0.29              | 0.90              |
| <b>Total comprehensive income attributable to:</b>   |      |                   |                   |
| A Owners of the parent   |      | (1,934.95)        | (1,883.94)        |
| B Non-controlling interest   |      | 239.89            | 93.88             |
| <b>Loss per share</b>  |      |                   |                   |
| Basic and diluted loss per share   | 33   | (2.22)            | (2.16)            |

The accompanying notes are an integral part of these 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**  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

**Sumit Mahajan**  
Partner  
Membership No.: 504822

For and on behalf of the Board of Directors of  
**SITI Networks Limited (formerly SITI Cable Network Limited)**

**B.K. Syngal**  
Independent Director

**Sanjay Berry**  
Chief Financial Officer

**Vinod Kumar Bakshi**  
Independent Director

**Suresh Kumar**  
Company Secretary

Place: Gurugram  
Date: May 17, 2018

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2018

₹ in million

|   | March 31, 2018    | March 31, 2017    |
|---|-------------------|-------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>   |                   |                   |
| <b>Loss before tax</b>  | <b>(1,581.20)</b> | <b>(1,599.67)</b> |
| <b>Adjustment for:</b>  |                   |                   |
| Depreciation and amortisation of non-financial assets                                       | 3,261.70          | 2,411.82          |
| Interest income on bank deposits  | (70.91)           | (79.71)           |
| Excess provisions written back  | (22.95)           | (52.23)           |
| Share of (loss)/profit of associates and jointly ventures                                   | 5.80              | (2.04)            |
| Loss on sale of property, plant and equipment   | 28.09             | -                 |
| Interest expense for borrowings at amortised cost   | 1,038.40          | 976.06            |
| Amortisation of ancillary borrowing costs   | 76.18             | 24.08             |
| Unrealised foreign exchange loss  | 17.52             | 66.70             |
| Provision for doubtful debts  | 721.68            | 331.28            |
| Provision for doubtful advances   | 0.07              | -                 |
| Employee stock compensation expense   | (16.47)           | 30.29             |
| Measurement of investment (current, financial assets) at fair value through profit and loss | (0.02)            | 1.10              |
| Effect of recognising other expense on security deposit as per effective interest method    | 2.36              | 2.57              |
| Measurement of financial assets and financial liabilities at amortised cost                 | (1.72)            | (1.79)            |
| Exceptional item  | 163.41            | 202.36            |
|   | <b>3,621.94</b>   | <b>2,310.82</b>   |
| <b>Operating profit before working capital changes</b>                                      |                   |                   |
| <b>Adjustments for changes in:</b>  |                   |                   |
| Increase in trade receivables   | (777.90)          | (1,571.47)        |
| Decrease/(increase) in other finance current and non-current assets                         | 367.71            | (1,174.50)        |
| (Increase)/decrease in other current and non-current assets                                 | (30.83)           | 364.52            |
| (Increase)/decrease in inventories  | (52.32)           | 24.96             |
| Decrease in other financial liabilities   | (454.32)          | (964.91)          |
| Increase in employee benefit obligations  | 16.65             | 21.14             |
| (Decrease)/Increase in other current and non-current liabilities                            | (40.71)           | 1,487.44          |
| Increase in trade payables  | 1,028.23          | 845.57            |
| <b>Cash generated from operations</b>   | <b>3,678.45</b>   | <b>1,343.57</b>   |
| Income taxes  | (264.29)          | 25.09             |
| <b>Net cash flow from operating activities</b>  | <b>3,414.16</b>   | <b>1,368.66</b>   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>   |                   |                   |
| Purchase of property, plant and equipment and intangibles assets                            | (3,881.62)        | (6,192.35)        |
| Proceeds from sale of property, plant and equipment   | 18.55             | -                 |
| Purchase of investment (non-current, financial assets)                                      | (6.00)            | (36.51)           |
| Sale of investment (current, financial assets)  | 4.42              | 7.06              |
| Interest received   | 125.10            | 48.74             |
| Investments in bank deposits  | (127.71)          | (70.89)           |
| <b>Net cash used in investing activities</b>  | <b>(3,867.26)</b> | <b>(6,243.95)</b> |



₹ in million

|   | March 31, 2018  | March 31, 2017    |
|---|-----------------|-------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                   |                 |                   |
| Non controlling interest  | -               | 44.06             |
| Proceeds from issuance of equity share capital                  | -               | 4.15              |
| Proceeds received against warrants issued                       | -               | 1,500.00          |
| Proceeds from borrowings (current, financial liabilities) (net) | 1,370.00        | 163.09            |
| Proceeds from borrowings (non-current, financial liabilities)   | 2,851.58        | 6,525.12          |
| Repayment of borrowings (non-current, financial liabilities)    | (3,460.60)      | (4,328.59)        |
| Interest paid   | (1,079.13)      | (1,004.20)        |
| <b>Net cash flow from financing activities</b>                  | <b>(318.15)</b> | <b>2,903.63</b>   |
| <b>Net Decrease in cash and cash equivalents</b>                | <b>(771.25)</b> | <b>(1,971.66)</b> |
| Cash and cash equivalents at beginning of the year              | 1,706.56        | 3,678.22          |
| Cash and cash equivalents at close of the year                  | <b>935.31</b>   | <b>1,706.56</b>   |

**Notes:**

₹ in million

|   | March 31, 2018 | March 31, 2017  |
|---|----------------|-----------------|
| a. Cash and cash equivalents include (refer note 12): |                |                 |
| Cash on hand  | 52.10          | 183.02          |
| Balances with banks on current accounts               | 456.75         | 1,081.14        |
| Cheques and drafts on hand                            | 288.26         | 442.40          |
| Deposits with maturity of upto three months           | 138.20         | -               |
|   | <b>935.31</b>  | <b>1,706.56</b> |

## b. Amendment to Ind AS 7:

The amendments to IND AS 7 Cash flow statement requires the entities to provide disclosures that enables users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment has become effective from April 01, 2017 and the required disclosure is made below. There is no other impact on the financial statements due to this amendment.

| Particulars               | As at<br>March 31, 2017 | Cash flows<br>(Net) | Non cash changes  |                        | As at<br>March 31, 2018 |
|---------------------------|-------------------------|---------------------|---|------------------------|-------------------------|
|                           |                         |                     | The effect of<br>changes in foreign<br>exchange rates<br>(Unrealised) | Other changes<br>(EIR) |                         |
| Borrowings - Non current* | <b>13,509.21</b>        | (609.02)            | 17.52   | (2.03)                 | <b>12,915.68</b>        |
| Borrowings - Current      | <b>196.06</b>           | 1,370.00            | -   | -                      | <b>1,566.06</b>         |

\* Including current maturities of long-term borrowings and current maturities of finance lease obligations

This is the cash flow statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

**Sumit Mahajan**  
Partner  
Membership No.: 504822

For and on behalf of the Board of Directors of  
**SITI Networks Limited (formerly SITI Cable Network Limited)**

**B.K. Syngal**  
Independent Director

**Sanjay Berry**  
Chief Financial Officer

**Vinod Kumar Bakshi**  
Independent Director

**Suresh Kumar**  
Company Secretary

Place: Gurugram  
Date: May 17, 2018

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2018

## A Equity share capital

|   | Note | ₹ in million<br>Amount |
|---|------|------------------------|
| <b>Balance as at April 01, 2016</b>                                     |      | <b>794.76</b>          |
| Issued on conversion of warrants  | 16   | 57.14                  |
| Issued on conversion of Optionally fully convertible debentures (OFCDs) | 16   | 20.63                  |
| Issued on exercise of employee stock options                            | 16   | 0.14                   |
| <b>Balance as at March 31, 2017</b>                                     |      | <b>872.67</b>          |
| Issued during the year  | 16   | -                      |
| <b>Balance as at March 31, 2018</b>                                     |      | <b>872.67</b>          |

**B Other equity**

₹ in million

|   | Reserves and surplus                          |                                      |                                    | Other Components of Equity                                 |                                 |   |  |  | Equity attributable to owners of the parent | Non controlling interest | Total equity    |                    |
|---|---|--------------------------------------|------------------------------------|--|---------------------------------|---|--|--|---|--------------------------|-----------------|--------------------|
|   | Securities premium reserve (refer note 16(c)) | Retained earnings (refer note 16(c)) | General reserve (refer note 16(c)) | Optionally fully convertible debentures (refer note 16(b)) | Money received against warrants | Other comprehensive income (refer note 16(c)) | Foreign currency monetary item translation difference account (FCMITDA) (refer note 16(c)) | Employee shares based reserve (refer note 16(c)) |   |                          |                 | Total other equity |
| <b>Balance as at April 01, 2016</b>   | <b>13,367.14</b>                              | <b>(9,644.08)</b>                    | <b>3.23</b>                        | <b>722.00</b>  | <b>500.00</b>                   | <b>0.04</b>                                   | <b>(60.99)</b>   | <b>30.35</b>                                     | <b>4,917.69</b>                             | <b>5,712.45</b>          | <b>783.40</b>   | <b>6,495.85</b>    |
| Loss for the year   | -   | (1,885.29)                           | -                                  | -  | -                               | -   | -  | -  | (1,885.29)                                  | (1,885.29)               | 92.98           | (1,792.31)         |
| Impact of depreciation on assets due to change in useful life                 | -   | (56.37)                              | -                                  | -  | -                               | -   | -  | -  | (56.37)                                     | (56.37)                  | -               | (56.37)            |
| Remeasurement of defined benefit liability                                    | -   | -                                    | -                                  | -  | -                               | 1.35  | -  | -  | 1.35  | 1.35                     | 0.90            | 2.25               |
| <b>Total comprehensive income for the year</b>                                | <b>-</b>                                      | <b>(1,941.66)</b>                    | <b>-</b>                           | <b>-</b>   | <b>-</b>                        | <b>1.35</b>                                   | <b>-</b>   | <b>-</b>   | <b>(1,940.31)</b>                           | <b>(1,940.31)</b>        | <b>93.88</b>    | <b>(1,846.43)</b>  |
| Issue of equity shares on conversion of warrants and OFCDs into equity shares | 2,644.23                                      | -                                    | -                                  | -  | -                               | -   | -  | -  | 2,644.23                                    | 2,722.00                 | -               | 2,722.00           |
| Issue of shares against employee stock options                                | 6.00  | -                                    | -                                  | -  | -                               | -   | -  | -  | 6.00  | 6.14                     | -               | 6.14               |
| Conversion of OFCDs into equity shares  | -   | -                                    | -                                  | (722.00)   | -                               | -   | -  | -  | (722.00)                                    | (722.00)                 | -               | (722.00)           |
| Money received against warrants issued  | -   | -                                    | -                                  | -  | 1,500.00                        | -   | -  | -  | 1,500.00                                    | 1,500.00                 | -               | 1,500.00           |
| Conversion of warrants into equity shares                                     | -   | -                                    | -                                  | -  | (2,000.00)                      | -   | -  | -  | (2,000.00)                                  | (2,000.00)               | -               | (2,000.00)         |
| FCMITDA created during the year   | -   | -                                    | -                                  | -  | -                               | -   | 23.37  | -  | 23.37                                       | 23.37                    | -               | 23.37              |
| FCMITDA amortised during the year   | -   | -                                    | -                                  | -  | -                               | -   | 43.33  | -  | 43.33                                       | 43.33                    | -               | 43.33              |
| Employee shares based reserve created   | -   | -                                    | -                                  | -  | -                               | -   | -  | 30.29  | 30.29                                       | 30.29                    | -               | 30.29              |
| Reversed on share options exercised during the year                           | -   | -                                    | -                                  | -  | -                               | -   | -  | (1.99)   | (1.99)                                      | (1.99)                   | -               | (1.99)             |
| Transaction during the year   | -   | -                                    | -                                  | -  | -                               | -   | -  | -  | -   | -                        | 43.16           | 43.16              |
| <b>Balance as at March 31, 2017</b>   | <b>16,017.37</b>                              | <b>(11,585.74)</b>                   | <b>3.23</b>                        | <b>-</b>   | <b>-</b>                        | <b>1.39</b>                                   | <b>5.71</b>  | <b>58.65</b>                                     | <b>4,500.61</b>                             | <b>5,373.28</b>          | <b>920.44</b>   | <b>6,293.72</b>    |
| <b>Balance as at April 01, 2017</b>   | <b>16,017.37</b>                              | <b>(11,585.74)</b>                   | <b>3.23</b>                        | <b>-</b>   | <b>-</b>                        | <b>1.39</b>                                   | <b>5.71</b>  | <b>58.65</b>                                     | <b>4,500.61</b>                             | <b>5,373.28</b>          | <b>920.44</b>   | <b>6,293.72</b>    |
| Loss for the year   | -   | (1,938.57)                           | -                                  | -  | -                               | -   | -  | -  | (1,938.57)                                  | (1,938.57)               | 239.60          | (1,698.97)         |
| Remeasurement of defined benefit liability                                    | -   | -                                    | -                                  | -  | -                               | 3.62  | -  | -  | 3.62  | 3.62                     | 0.29            | 3.91               |
| <b>Total comprehensive income for the year</b>                                | <b>-</b>                                      | <b>(1,938.57)</b>                    | <b>-</b>                           | <b>-</b>   | <b>-</b>                        | <b>3.62</b>                                   | <b>-</b>   | <b>-</b>   | <b>(1,934.95)</b>                           | <b>(1,934.95)</b>        | <b>239.89</b>   | <b>(1,695.06)</b>  |
| FCMITDA created during the year   | -   | -                                    | -                                  | -  | -                               | -   | 89.16  | -  | 89.16                                       | 89.16                    | -               | 89.16              |
| FCMITDA amortised during the year   | -   | -                                    | -                                  | -  | -                               | -   | (81.06)  | -  | (81.06)                                     | (81.06)                  | -               | (81.06)            |
| Employee shares based reserve reversed  | -   | -                                    | -                                  | -  | -                               | -   | -  | (16.47)  | (16.47)                                     | (16.47)                  | -               | (16.47)            |
| <b>Balance as at March 31, 2018</b>   | <b>16,017.37</b>                              | <b>(13,524.32)</b>                   | <b>3.23</b>                        | <b>-</b>   | <b>-</b>                        | <b>5.01</b>                                   | <b>13.81</b>   | <b>42.18</b>                                     | <b>2,557.29</b>                             | <b>3,429.95</b>          | <b>1,160.33</b> | <b>4,590.28</b>    |

The accompanying notes are an integral part of these consolidated financial statements.

This is the statement of change in equity referred to in our report of even date

 For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm Registration No.: 001076N/N500013

**Sumit Mahajan**

Partner

Membership No.: 504822

 For and on behalf of the Board of Directors of  
**SITI Networks Limited** (formerly SITI Cable Network Limited)

**B.K. Syngal**

Independent Director

**Sanjay Berry**

Chief Financial Officer

**Vinod Kumar Bakshi**

Independent Director

**Suresh Kumar**

Company Secretary

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018

### 1. NATURE OF OPERATIONS

SITI Networks Limited (formerly SITI Cable Network Limited) (hereinafter referred to as the 'Company' or 'SNL' or 'Holding Company') was incorporated in the state of Maharashtra, India. The Company, its subsidiaries, joint venture and associate (collectively known as the 'Group' or 'Holding Company') are engaged in distribution of television channels through analogue and digital cable distribution network, primary internet and allied services.

### 2. GENERAL INFORMATION

SNL, is a public company incorporated and domiciled in India. Its registered office is at Unit No.38, 1<sup>st</sup> Floor, A Wing, Madhu Industrial Estate, Pandurang Budhkar Marg, Worli, Mumbai - 400013. The Company's shares are listed on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

#### a) Overall consideration and basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below. These accounting policies have been used consistently throughout all periods presented in these consolidated financial statements.

The consolidated financial results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on May 17, 2018.

The Group continued to incur losses, during year ended March 31, 2018 but in view of the present positive net worth, expected substantial subscription revenue growth and continued financial support from certain stakeholders of the Group, the consolidated financial statements continue to be prepared on a going concern basis. All assets and liabilities have been classified as current or non current as per the company's normal operating cycle and other criteria as set out in the Division II of schedule III of the Companies Act, 2013.

#### b) Principles of consolidation

The consolidated financial statements consolidates the financial statements of the Holding Company and its subsidiaries. All the group companies have reporting date of March 31.

Subsidiaries are all entities over which the Company exercises control. The Company exercises control if an only if it has the following:

- a) power over the entity
- b) exposure, or rights, to variable returns from its involvement with the entity; and
- c) the ability to use its power over the entity to affect the amount of its returns.

The Company reassesses, whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of the financial statements of subsidiaries begins on the date control is established.

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 line items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. The Group attributes total comprehensive income of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

#### c) Investments in Associates and Joint Ventures

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group accounts for its interest in joint venture using the equity method, after initially being recognised at cost in the consolidated balance sheet. Goodwill arising on the acquisition of joint venture is included in the carrying value of investments in joint venture. Investments in associates are accounted for using the equity method. Goodwill arising on the acquisition of associates is included in the carrying value of investments in associate.

Under the equity method of accounting applicable for investments in associates and joint ventures, investments are initially recorded at the cost to the Group and then, in subsequent periods, the carrying value is adjusted to reflect the Group's share of the post acquisition profits or losses of the investee in profit or loss, and the Group's share of other comprehensive income of the investee.

The consolidated statement of profit and loss include the Group's share of associate's results.

If the Group's share of losses in an associate or a joint venture equals or exceeds its interests in the associate or joint venture, the Group discontinues recognition of further losses. Additional losses are provided for, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate/joint venture. Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

#### d) Business Combinations and Goodwill

##### **Business combinations are accounted for using the acquisition method.**

The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

#### e) Foreign currency translation

##### **Functional and presentation currency**

These consolidated financial statements are presented in currency Indian Rupee (₹), which is also the functional currency of the Group.

##### **Foreign currency transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (spot exchange rate).

Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

#### f) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and it can be reliably measured.

Revenue is measured at the fair value of the consideration received/receivable net of rebates and taxes. The Group applies the revenue recognition criteria to each separately identifiable component of the sales transaction as set out below.

##### **Revenue from rendering of services**

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

Other networking and management income and carriage income are recognised on accrual basis as per the terms of related agreements and when no significant uncertainty exists regarding the amount of consideration that will be derived. Carriage revenue recognition is done basis negotiations/formal agreement with broadcasters.

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

Activation and set top boxes pairing charges are recognised as revenue to the extent it relates to issue of the related boxes and when no significant uncertainty exists regarding the amount of consideration that will be derived and the upfront obligation is discharged. Where part of the revenues collected at the time of activation relates to future services to be provided by the Group, a part of activation revenue is deferred and recognised over the expected customer life.

Income from rendering technical services and broadband services are recognised on accrual basis.

##### **Revenue from sale Set top boxes & Viewing card**

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)/GST on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue.



Revenue from high sea sales are being recognised on transfer of title of goods to the customer.

**Interest**

Interest income is reported on an accrual basis using the effective interest method.

**g) Operating expenses**

Operating expenses are recognised in profit or loss upon utilisation of the related service or as incurred.

**h) Borrowing costs**

Borrowing costs include 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 a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalisation of borrowing cost is suspended in the period during which the active development is delayed due to, other than temporary, interruption. All other borrowing costs are charged to profit or loss as incurred.

**i) Property, plant and equipment**

**Recognition and initial measurement**

Property, plant and equipment are stated at their cost of acquisition less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price (net of CENVAT credit availed), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted. 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.

All other repair and maintenance costs are recognised in consolidated statement of profit or loss as incurred.

Set top boxes are treated as part of capital work in progress till at the end of the month of activation thereof post which the same are depreciated.

**Subsequent measurement (depreciation and useful lives)**

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives

|   | <b>life in years</b> |
|---|----------------------|
| Buildings                                   | 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                   |

Leasehold improvements are amortised over the lease term or estimated useful life, whichever is less.

Leasehold land is amortised over the effective period of lease

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.

The residual values, useful lives and method of depreciation of are reviewed at each financial year end and adjusted prospectively, if appropriate.

**De-recognition**

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition (calculated as the difference between the net disposal proceeds and its carrying amount) is included in the profit or loss when the respective asset is derecognised.

**j) Intangible assets**

**Recognition and initial measurement**

Intangible assets acquired separately are stated at their cost of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

**Subsequent measurement**

Goodwill arising from business combination is recognised as a separate asset in the acquirer's consolidated financial statements and is not amortised but is subject to an annual impairment test.

Non compete agreement and customer relationship arising from business combination is recognised as a

separate asset in the acquirer's consolidated financial statements and is amortised over the period of four years.

Goodwill is not amortised but it is tested for impairment at least annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Software are amortised over a period of six years on straight-line method.

Cost of news, current affairs, chat shows and events including sports events etc. are fully expensed on first telecast.

Program, film and cable rights are amortised on a straight-line basis over the license period or 60 months from the date of purchase, whichever is shorter.

Amortisation has been included within depreciation and amortisation of non-financial assets.

Subsequent expenditures on the maintenance of intangible assets are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the respective intangible asset, and is recognised in profit or loss within other income or other expenses.

In case of Indian Cable Net Company Limited, a subsidiary company, distribution network rights are amortised using the straight-line method over a period of ten years.

#### k) Investment property

Property (land or a building- or part of a building- or both) that is held (by the lessee under a finance lease) for long-term rental yields or for capital appreciation or both, other than for:

- i) use in the production or supply of goods or services or for administrative purposes; or
- ii) sale in the ordinary course of business: is recognised as Investment property in the books.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing cost. Subsequent expenditure is capitalised to the asset carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably.

The management believes a period of 60 years as representing the best estimate of the period over which investment properties (which are quite similar) are expected to be used. Accordingly, the Company

depreciates investment properties over a period of 60 years on a straight-line basis.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from the use and no future economic benefit is expected from their disposal. The net difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

#### l) Impairment of non-financial 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. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss.

If at the reporting 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 Comprehensive Income.

Goodwill is tested for impairment annually when circumstances indicate that the carrying value may be impaired.

#### m) Financial instruments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instruments and are measured initially at:

- a) fair value, in case of financial instruments subsequently carried at fair value through profit or loss (FVTPL);
- b) fair value adjusted for transaction costs, in case of all other financial instruments.

##### Subsequent measurement

**Financial instruments at amortised cost** – the financial instrument is measured at the amortised cost if both the following conditions are met:

- i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

- ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

All other debt instruments are measured at fair value through other comprehensive income (FVOCI) or FVTPL based on Group's business model.

**Equity investments** – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVOCI or FVTPL. The classification is made on initial recognition and is irrevocable.

**Mutual funds** – All mutual funds in scope of Ind-AS 109 are measured at FVTPL.

#### **De-recognition of financial assets**

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

#### **Financial liabilities**

##### **Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortised cost.

##### **Subsequent measurement**

Subsequent to initial recognition, these liabilities are measured at amortised cost using the EIR method.

##### **De-recognition of financial liabilities**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in statement profit or loss.

##### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

##### **Impairment of financial assets**

In accordance with Ind-AS 109, the Group applies Expected Credit Loss ('ECL') model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. When estimating the cash flows, the Group consider the following –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### **Trade receivables**

As a practical expedient the Group has adopted 'simplified approach' for recognition of lifetime expected loss on trade receivables. The estimate is based on three years average default rates observed over the expected life of the trade receivables and is adjusted for forward-looking estimates. These average default rates are applied on total credit risk exposure on trade receivables at the reporting date to determine lifetime expected credit losses.

#### **Other financial assets**

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

#### **n) Post-employment, long term and short term employee benefits**

##### **Defined contribution plans**

##### **Provident fund**

The Group pays provident fund contributions to publicly administered provident funds as per local regulations. The Group has no further payment obligation once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

##### **Defined benefit plans**

##### **Gratuity**

Gratuity is a post-employment benefit and is in the nature of a defined benefit plan. The liability recognised in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of other comprehensive income in the year in which such gains or losses are determined.

## Other employee benefits

### Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the Balance Sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the year in which such gains or losses are determined.

### Short term employee benefits

Short-term employee benefits, are current liabilities, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

#### o) Share based employee remuneration

The Group operates equity-settled share-based remuneration plans for its employees, where the fair value of employees services is determined indirectly by reference to the fair value of the equity instruments granted.

This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions). All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to ESOP reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as securities premium.

#### p) Provisions, contingent assets and contingent liabilities

Provisions are recognised only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each

reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are disclosed when probable and recognised when realisation of income is virtually certain.

#### q) Earnings per share

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. The weighted average number of equity shares outstanding during the year is adjusted for the effects of mandatorily convertible instrument in compliance with Ind AS 33.

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) Leases

##### Where the Group is a lessee

##### Finance leases

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include i) the length of the lease term in relation to the economic life of the asset ii) the present value of the minimum lease payments in relation to the asset's fair value, and iii) whether the Group obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interest. If the minimum lease payments cannot be allocated reliably between the two components, entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

#### **Operating leases**

Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Associated costs, such as maintenance and insurance, are expensed as incurred.

#### **Where the Group is a lessor**

##### **Operating leases**

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the Balance Sheet based on their nature.

#### **s) Income taxes**

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are generally recognised in full, although IAS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the Group does not recognise deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries.

#### **t) 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.

#### **u) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group is a multi-system operator providing cable television network services and allied services which is considered as the only reportable segment. The Group's operations are based in India

#### **v) Significant management judgement in applying accounting policies and estimation uncertainty**

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in India which require management to make estimates and assumptions that affect the reported balances of assets, liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the periods. Although these estimates and assumptions used in accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of date of these consolidated financial statements which in management's opinion are prudent and reasonable, actual results may differ from estimates and assumptions used in preparing accompanying financial statements. Any revision to accounting estimates is recognised prospectively from the period in which results are known materialise in accordance with applicable accounting standards.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

##### **Significant management judgements**

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect.

**Recognition of deferred tax assets** - The extent to which deferred tax assets can be recognised is based on the assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised.

**Evaluation of indicators for impairment of non-financial assets** - The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Property, plant and equipment** - Management assess the remaining useful lives and residual value of property, plant and equipment and believes that the assigned useful lives and residual value are reasonable.

##### **Estimation uncertainty**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below:

**Recoverability of advances/ receivables**- The management from time to time reviews the recoverability of advances and receivables. The review is done at least once in a financial year and such assessment requires significant management judgement based on financial position of the counter-parties, market information and other relevant factors.



**Defined benefit obligation-** Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may impact the defined benefit obligation amount and the annual defined benefit expenses.

**Contingencies-** Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies, claim, litigations etc against the Group as it is not possible to predict the outcome of pending matters with accuracy.

#### **Fair value measurement**

The Group measures certain financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Group uses following measurement techniques:

The fair value measurement for financial instruments where active market quotes are available is based on the quotes available in the principal market for selling the asset or transferring the liability.

The Group uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. refer note 39(B) for Fair Value Hierarchy.

#### **w) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition. Cash and cash equivalent are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

#### **x) Equity and reserves**

Share capital represents the nominal (par) value of shares that have been issued.

Securities premium includes any premium received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from securities premium, net of any related income tax benefits

Other components of equity include the following:

Re-measurement of net defined benefit liability-comprises the actuarial losses from changes in demographic and financial assumptions and the return on plan assets (refer note 36)

Retained earnings includes all current and prior period retained profits and share-based employee remuneration (refer note 37)

All transactions with owners of the parent are recorded separately within equity.

#### **Recent accounting pronouncements**

##### **Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018.

##### **Ind AS 115- Revenue from Contract with Customers:**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors;
- Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.
- The company is in the process of evaluating the impact of implementation of IND AS 115 on its financial statements.

#### 4 PROPERTY, PLANT AND EQUIPMENT

₹ in million

|   | Buildings     | 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            |
|---|---------------|----------------|---------------------|---------------|------------------|------------------------|------------------|------------------|--------------|-----------------------------|------------------------|------------------|-------------|------------------|
| <b>Gross carrying amount</b>                    |               |                |                     |               |                  |                        |                  |                  |              |                             |                        |                  |             |                  |
| Balance as at April 01, 2016                    | 64.06         | 469.02         | 4,262.11            | 285.03        | 68.96            | 66.91                  | 16.24            | 68.62            | 32.75        | 358.37                      | 56.26                  | 11,005.19        | 1.26        | 16,754.78        |
| Additions                                       | -             | -              | 1,490.39            | 18.39         | 6.29             | 6.41                   | -                | 0.11             | 6.54         | -                           | -                      | 3,455.23         | -           | 4,983.36         |
| <b>Balance as at March 31, 2017</b>             | <b>64.06</b>  | <b>469.02</b>  | <b>5,752.50</b>     | <b>303.42</b> | <b>75.25</b>     | <b>73.32</b>           | <b>16.24</b>     | <b>68.73</b>     | <b>39.29</b> | <b>358.37</b>               | <b>56.26</b>           | <b>14,460.42</b> | <b>1.26</b> | <b>21,738.14</b> |
| <b>Gross carrying amount</b>                    |               |                |                     |               |                  |                        |                  |                  |              |                             |                        |                  |             |                  |
| Balance as at March 31, 2017                    | 64.06         | 469.02         | 5,752.50            | 303.42        | 75.25            | 73.32                  | 16.24            | 68.73            | 39.29        | 358.37                      | 56.26                  | 14,460.42        | 1.26        | 21,738.14        |
| Additions                                       | 343.60        | -              | 594.81              | 18.69         | 7.08             | 114.65                 | -                | -                | 7.93         | -                           | 1.68                   | 4,096.26         | -           | 5,184.70         |
| Disposals                                       | -             | -              | 6.07                | -             | 1.51             | -                      | -                | -                | 4.14         | -                           | -                      | 130.89           | -           | 142.61           |
| <b>Balance as at March 31, 2018</b>             | <b>407.66</b> | <b>469.02</b>  | <b>6,341.24</b>     | <b>322.11</b> | <b>80.82</b>     | <b>187.97</b>          | <b>16.24</b>     | <b>68.73</b>     | <b>43.08</b> | <b>358.37</b>               | <b>57.94</b>           | <b>18,425.79</b> | <b>1.26</b> | <b>26,780.23</b> |
| <b>Accumulated depreciation</b>                 |               |                |                     |               |                  |                        |                  |                  |              |                             |                        |                  |             |                  |
| Balance as at April 01, 2016                    | 15.56         | 1.11           | 2,359.73            | 128.16        | 56.05            | 30.04                  | 13.36            | 35.01            | 14.96        | 136.58                      | 46.89                  | 2,903.78         | 0.66        | 5,741.89         |
| Charge for the year                             | 0.42          | 6.89           | 393.67              | 14.51         | 9.65             | 5.33                   | 0.17             | 1.07             | 3.39         | -                           | 2.50                   | 1,515.35         | -           | 1,952.95         |
| <b>Balance as at March 31, 2017</b>             | <b>15.98</b>  | <b>8.00</b>    | <b>2,753.40</b>     | <b>142.67</b> | <b>65.70</b>     | <b>35.37</b>           | <b>13.53</b>     | <b>36.08</b>     | <b>18.35</b> | <b>136.58</b>               | <b>49.39</b>           | <b>4,419.13</b>  | <b>0.66</b> | <b>7,694.84</b>  |
| <b>Accumulated depreciation</b>                 |               |                |                     |               |                  |                        |                  |                  |              |                             |                        |                  |             |                  |
| Balance as at March 31, 2017                    | 15.98         | 8.00           | 2,753.40            | 142.67        | 65.70            | 35.37                  | 13.53            | 36.08            | 18.35        | 136.58                      | 49.39                  | 4,419.13         | 0.66        | 7,694.84         |
| Charge for the year                             | 3.08          | -              | 498.31              | 16.57         | 7.27             | 8.46                   | 0.11             | 1.40             | 3.75         | -                           | 8.55                   | 2,134.65         | -           | 2,682.15         |
| Disposals                                       | -             | -              | 4.10                | -             | 0.17             | -                      | -                | -                | 1.62         | -                           | -                      | 84.78            | -           | 90.67            |
| <b>Balance as at March 31, 2018</b>             | <b>19.06</b>  | <b>8.00</b>    | <b>3,247.61</b>     | <b>159.24</b> | <b>72.80</b>     | <b>43.83</b>           | <b>13.64</b>     | <b>37.48</b>     | <b>20.48</b> | <b>136.58</b>               | <b>57.94</b>           | <b>6,469.00</b>  | <b>0.66</b> | <b>10,286.32</b> |
| <b>Net carrying amount as at March 31, 2017</b> | <b>48.08</b>  | <b>461.02</b>  | <b>2,999.10</b>     | <b>160.75</b> | <b>9.55</b>      | <b>37.95</b>           | <b>2.71</b>      | <b>32.65</b>     | <b>20.94</b> | <b>221.79</b>               | <b>6.87</b>            | <b>10,041.29</b> | <b>0.60</b> | <b>14,043.30</b> |
| <b>Net carrying amount as at March 31, 2018</b> | <b>388.60</b> | <b>461.02</b>  | <b>3,093.63</b>     | <b>162.87</b> | <b>8.02</b>      | <b>144.14</b>          | <b>2.60</b>      | <b>31.25</b>     | <b>22.60</b> | <b>221.79</b>               | <b>-</b>               | <b>11,956.79</b> | <b>0.60</b> | <b>16,493.91</b> |

**Note a)** Capital work-in-progress and intangible assets under development include set top boxes, viewing cards (softwares) and plant and equipment amounting to ₹ 1,003.77 million, ₹ 73.37 million and ₹ 455.20 million respectively (previous year: ₹ 2,624.01 million, ₹ 180.91 million and ₹ 1,486.93 million) which are yet to be installed.

**Note b)** Refer note 38 for vehicle finance lease.

**Note c)** For details related to assets pledged as security, refer note 49.

**Note d)** The Group has been capitalising the foreign exchange differences on gross block of set top boxes amounting to ₹ 6.51 millions (previous year: ₹ (64.36) millions) and capital work in progress amounting to ₹ Nil million (previous year: ₹ (11.47) million).

## 5 INVESTMENT PROPERTY

|   | ₹ in million  |
|---|---------------|
|   | <b>Total</b>  |
| <b>Gross carrying amount</b>                    |               |
| Balance as at April 01, 2017                    | -             |
| Additions                                       | 674.51        |
| <b>Balance as at March 31, 2018</b>             | <b>674.51</b> |
| <b>Accumulated depreciation</b>                 |               |
| Balance as at April 01, 2017                    | -             |
| Charge for the year                             | 5.30          |
| <b>Balance as at March 31, 2018</b>             | <b>5.30</b>   |
| <b>Net carrying amount as at March 31, 2017</b> | -             |
| <b>Net carrying amount as at March 31, 2018</b> | <b>669.21</b> |

|  | ₹ in million          |
|--|-----------------------|
|  | <b>March 31, 2018</b> |
| <b>Note a)</b> Amount recognised in profit and loss for investment property  |                       |
| Rental income derived from investment properties   | 13.44                 |
| <b>Note b)</b> Refer note no. 49 for information on investment property pledged as securities by the Company.                              |                       |
| <b>Note c)</b> The fair value of investment property as on March 31, 2018 amounted ₹ 1562.80 million as assessed by an independent valuer. |                       |

## 6 INTANGIBLE ASSETS

|   | Goodwill      | Goodwill on consolidation | Program, film and cable rights | Distribution network rights | Software        | Non compete agreement (refer note 51) | Customer relationships (refer note 51) | Total           |
|---|---------------|---------------------------|--------------------------------|-----------------------------|-----------------|---------------------------------------|--|-----------------|
|   | ₹ in million  |                           |                                |                             |                 |                                       |  |                 |
| <b>Gross carrying amount</b>                    |               |                           |                                |                             |                 |                                       |  |                 |
| Balance as at April 01, 2016                    | 463.38        | 284.49                    | 50.33                          | 1,550.00                    | 1,436.33        | 5.50                                  | 25.30                                  | 3,815.33        |
| Additions                                       | -             | 2.60                      | -                              | -                           | 653.38          | -                                     | -                                      | 655.98          |
| <b>Balance as at March 31, 2017</b>             | <b>463.38</b> | <b>287.09</b>             | <b>50.33</b>                   | <b>1,550.00</b>             | <b>2,089.71</b> | <b>5.50</b>                           | <b>25.30</b>                           | <b>4,471.31</b> |
| <b>Gross carrying amount</b>                    |               |                           |                                |                             |                 |                                       |  |                 |
| Balance as at March 31, 2017                    | 463.38        | 287.09                    | 50.33                          | 1,550.00                    | 2,089.71        | 5.50                                  | 25.30                                  | 4,471.31        |
| Additions                                       | -             | -                         | -                              | -                           | 645.69          | -                                     | -                                      | 645.69          |
| <b>Balance as at March 31, 2018</b>             | <b>463.38</b> | <b>287.09</b>             | <b>50.33</b>                   | <b>1,550.00</b>             | <b>2,735.40</b> | <b>5.50</b>                           | <b>25.30</b>                           | <b>5,117.00</b> |
| <b>Accumulated amortisation</b>                 |               |                           |                                |                             |                 |                                       |  |                 |
| Balance as at April 01, 2016                    | 123.19        | -                         | 47.18                          | 320.34                      | 449.37          | 0.07                                  | 1.70                                   | 941.85          |
| Charge for the year                             | 44.70         | -                         | -                              | 153.71                      | 253.16          | 1.40                                  | 5.90                                   | 458.87          |
| <b>Balance as at March 31, 2017</b>             | <b>167.89</b> | <b>-</b>                  | <b>47.18</b>                   | <b>474.05</b>               | <b>702.53</b>   | <b>1.47</b>                           | <b>7.60</b>                            | <b>1,400.72</b> |
| <b>Accumulated amortisation</b>                 |               |                           |                                |                             |                 |                                       |  |                 |
| Balance as at March 31, 2017                    | 167.89        | -                         | 47.18                          | 474.05                      | 702.53          | 1.47                                  | 7.60                                   | 1,400.72        |
| Charge for the year                             | 42.13         | -                         | -                              | 153.71                      | 371.11          | 1.40                                  | 5.90                                   | 574.25          |
| <b>Balance as at March 31, 2018</b>             | <b>210.02</b> | <b>-</b>                  | <b>47.18</b>                   | <b>627.76</b>               | <b>1,073.64</b> | <b>2.87</b>                           | <b>13.50</b>                           | <b>1,974.97</b> |
| <b>Net carrying amount as at March 31, 2017</b> | <b>295.49</b> | <b>287.09</b>             | <b>3.15</b>                    | <b>1,075.95</b>             | <b>1,387.18</b> | <b>4.03</b>                           | <b>17.70</b>                           | <b>3,070.59</b> |
| <b>Net carrying amount as at March 31, 2018</b> | <b>253.36</b> | <b>287.09</b>             | <b>3.15</b>                    | <b>922.24</b>               | <b>1,661.76</b> | <b>2.63</b>                           | <b>11.80</b>                           | <b>3,142.03</b> |

|                         | ₹ in million         |                      |
|-------------------------|----------------------|----------------------|
|                         | As at March 31, 2018 | As at March 31, 2017 |
| <b>Net book value</b>   |                      |                      |
| Goodwill                | 540.45               | 582.58               |
| Other intangible assets | 2,601.58             | 2,488.01             |
| <b>Total</b>            | <b>3,142.03</b>      | <b>3,070.59</b>      |

₹ in million

|   | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|---|---------------------------------|---------------------------------|
| <b>7 INVESTMENTS</b>  |                                 |                                 |
| <b>Investment in equity shares (trade, unquoted)</b>  |                                 |                                 |
| <b>Investment in associates</b>   |                                 |                                 |
| 14,080 (previous year: 14,080) 6% Non-cumulative redeemable preference shares of ₹ 100 each fully paid up of Siti Chhattisgarh Multimedia Private Limited | 8.42                            | 8.42                            |
| 6,667 (previous year: 6,667) equity shares of ₹ 10 each partially paid up ₹ 8.17 (Previous year: ₹ 7.17) of Voice Snap Services Private Limited.          | 44.50                           | 36.46                           |
| Add: Share in (loss)/profit   | (5.80)                          | 2.04                            |
| <b>Investment in Joint ventures</b>   |                                 |                                 |
| 4,800 (previous year: 4,800) equity shares of ₹ 10 each fully paid up of C&S Medianet Private Limited   | 0.05                            | 0.05                            |
| 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                            |
| Add: Share in loss  | (0.26)                          | (0.26)                          |
|   | <b>47.17</b>                    | <b>46.97</b>                    |
| <b>Investment other than investment in joint ventures entities and associates</b>   |                                 |                                 |
| <b>Investment in equity shares</b>  |                                 |                                 |
| 480 (previous year: 480) equity shares of ₹ 100 each fully paid up of Master Ads Private Limited  | 0.05                            | 0.05                            |
| 9,500 (previous year: 9,500) equity shares of ₹ 10 each fully paid up of Dakshin Communications Private Limited   | 1.77                            | 1.77                            |
| 3,000 (previous year: 3,000) equity shares of ₹ 10 each fully paid up of Centre Channel Private Limited   | 0.23                            | 0.23                            |
| Less: Aggregate amount of impairment in value of investments  | (2.05)                          | (2.05)                          |
|   | -                               | -                               |
|   | <b>47.17</b>                    | <b>46.97</b>                    |
| Aggregate amount of unquoted investments  | 49.22                           | 49.02                           |
| Aggregate amount of impairment in value of investments  | 2.05                            | 2.05                            |

₹ in million

|   | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|---|---------------------------------|---------------------------------|
| <b>8 OTHERS (NON-CURRENT, FINANCIAL ASSETS)</b>                       |                                 |                                 |
| <b>Unsecured, considered good</b>                                     |                                 |                                 |
| Margin money deposit (pledged) and deposit with statutory authorities | 676.28                          | 874.09                          |
| Security deposits   | 106.69                          | 71.28                           |
|   | <b>782.97</b>                   | <b>945.37</b>                   |

₹ in million

|   | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|---|---------------------------------|---------------------------------|
| <b>9 OTHER NON-CURRENT ASSETS (NON-FINANCIAL)</b> |                                 |                                 |
| <b>Unsecured, considered good</b>                 |                                 |                                 |
| Prepaid expenses                                  | 37.32                           | 37.94                           |
| Capital advances                                  | 53.07                           | 32.06                           |
| Other advances                                    | 68.70                           | 377.48                          |
|   | <b>159.09</b>                   | <b>447.48</b>                   |



₹ in million

|                       | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|-----------------------|---------------------------------|---------------------------------|
| <b>10 INVENTORIES</b> |                                 |                                 |
| Stores and spares     | 145.25                          | 92.93                           |
|                       | <b>145.25</b>                   | <b>92.93</b>                    |

₹ in million

|  | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| <b>11 TRADE RECEIVABLES</b>                |                                 |                                 |
| Unsecured, considered good                 | 3,687.62                        | 3,631.40                        |
| Unsecured, considered doubtful             | 2,646.08                        | 2,425.99                        |
| Less: Allowance for expected credit losses | (2,646.08)                      | (2,425.99)                      |
|  | <b>3,687.62</b>                 | <b>3,631.40</b>                 |

For amounts due and terms and conditions relating to related party receivables see note 40.

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. No trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

₹ in million

|  | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| <b>12 CASH AND CASH EQUIVALENTS</b>  |                                 |                                 |
| Cash on hand   | 52.10                           | 183.02                          |
| Balances with banks on current accounts  | 456.75                          | 1,081.14                        |
| Cheques and drafts on hand   | 288.26                          | 442.40                          |
| Deposits with maturity of upto three months  | 138.20                          | -                               |
|  | <b>935.31</b>                   | <b>1,706.56</b>                 |
| <b>Other balances in banks</b>   |                                 |                                 |
| Margin money deposit (pledged) with maturity of more than three months but less than twelve months | 325.52                          | -                               |
|  | <b>1,260.83</b>                 | <b>1,706.56</b>                 |

₹ in million

|  | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| <b>13 INVESTMENTS (CURRENT, FINANCIAL ASSETS)</b>  |                                 |                                 |
| <b>Investment in mutual fund at fair value through profit and loss (non trade, trade quoted)</b>                 |                                 |                                 |
| Nil (previous year: 250,404) units of face value of ₹ 10 each of ICICI Prudential Flexible Income Premium Growth | -                               | 4.40                            |
|  | <b>-</b>                        | <b>4.40</b>                     |
| <b>Aggregate amount of</b>   |                                 |                                 |
| Quoted investments   | -                               | 4.40                            |
| Market value of quoted investment  | -                               | 4.40                            |

₹ in million

|  | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| <b>14 OTHERS (CURRENT, FINANCIAL ASSETS)</b>   |                                 |                                 |
| <b>Unsecured, considered good</b>              |                                 |                                 |
| Amounts recoverable                            | 401.17                          | 967.86                          |
| Interest accrued and not due on fixed deposits | 29.73                           | 83.92                           |
| Unbilled revenues                              | 572.04                          | 412.59                          |
| Security deposits                              | 3.72                            | 2.05                            |
|  | <b>1,006.66</b>                 | <b>1,466.42</b>                 |

₹ in million

|   | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|---|---------------------------------|---------------------------------|
| <b>15 OTHER CURRENT ASSETS (NON-FINANCIAL)</b>            |                                 |                                 |
| <b>Unsecured, considered good unless otherwise stated</b> |                                 |                                 |
| Balances with Government authorities                      | 1,089.05                        | 867.53                          |
| Taxes paid  | 513.27                          | 542.85                          |
| Prepaid expenses  | 59.13                           | 33.46                           |
| Amounts recoverable                                       | 247.40                          | 154.36                          |
| Amounts recoverable (considered doubtful)                 | 538.42                          | 637.87                          |
| Less: Impairment allowance                                | (538.42)                        | (637.87)                        |
|   | <b>1,908.85</b>                 | <b>1,598.20</b>                 |

₹ in million

|  | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| <b>16 (a) EQUITY SHARE CAPITAL</b>   |                                 |                                 |
| <b>Authorised share capital</b>  |                                 |                                 |
| 1,290,000,000 (previous year: 1,290,000,000) equity shares of ₹ 1 each                       | 1,290.00                        | 1,290.00                        |
| 10,000,000 (previous year: 10,000,000) preference shares of ₹ 1 each                         | 10.00                           | 10.00                           |
| <b>Total authorised capital</b>  | <b>1,300.00</b>                 | <b>1,300.00</b>                 |
| <b>Issued share capital</b>  |                                 |                                 |
| 873,280,971 (previous year: 873,280,971) equity shares of ₹ 1 each                           | 873.28                          | 873.28                          |
| 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>872.07</b>                   | <b>872.07</b>                   |
| <b>Subscribed and fully paid up capital</b>  |                                 |                                 |
| 872,053,848 (previous year: 872,053,848) equity shares of ₹ 1 each fully paid up             | 872.05                          | 872.05                          |
| <b>Total paid up capital</b>   | <b>872.05</b>                   | <b>872.05</b>                   |
| Forfeited equity shares 1,227,123 (previous year: 1,227,123) equity shares of ₹ 1 each       | 0.62                            | 0.62                            |
|  | <b>872.67</b>                   | <b>872.67</b>                   |

**(A) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year Equity shares**

|  | March 31, 2018     |               | March 31, 2017     |               |
|--|--------------------|---------------|--------------------|---------------|
|  | No. of shares      | ₹ in million  | No. of shares      | ₹ in million  |
| Balance at the beginning of the year   | 872,053,848        | 872.05        | 794,147,420        | 794.14        |
| <b>Add:</b>  |                    |               |                    |               |
| Issued on conversion of warrants (refer note 16(E))                                | -                  | -             | 57,142,857         | 57.14         |
| Issued on conversion of Optionally Fully Convertible Debentures (refer note 16(b)) | -                  | -             | 20,628,571         | 20.63         |
| Issued on exercise of employee stock options                                       | -                  | -             | 135,000            | 0.14          |
| <b>Balance at the end of the year</b>  | <b>872,053,848</b> | <b>872.05</b> | <b>872,053,848</b> | <b>872.05</b> |

**Preference shares**

There is no movement in preference share capital.

**(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.

**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 was extended by a period of five years till December 29, 2016 which has been further extended for period of five years till December 29, 2021 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. These instruments are accounted for as liability in accordance with the Ind AS.

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

|                          | As at March 31, 2018 |              | As at March 31, 2017 |              |
|--------------------------|----------------------|--------------|----------------------|--------------|
|                          | No. of shares        | % of holding | No. of shares        | % of holding |
| <b>Preference shares</b> |                      |              |                      |              |
| Churu Enterprises LLP    | 23,436               | 100%         | 23,436               | 100%         |

|   | As at March 31, 2018 |              | As at March 31, 2017 |              |
|---|----------------------|--------------|----------------------|--------------|
|   | No. of shares        | % of holding | No. of shares        | % of holding |
| <b>Equity shares</b>  |                      |              |                      |              |
| Bioscope Cinemas Private Limited  | 112,008,946          | 12.84%       | 112,008,946          | 12.84%       |
| Direct Media Solutions LLP (formerly known as Direct Media Solutions Private Limited) | 121,000,000          | 13.88%       | 121,000,000          | 13.88%       |
| Essel International Limited   | -                    | -            | 47,013,828           | 5.39%        |
| Essel Media Ventures Limited  | 43,166,665           | 4.95%        | 75,828,755           | 8.70%        |
| Digital Satellite Holdings Private Limited  | 151,045,816          | 17.32%       | 71,369,898           | 8.18%        |
| Direct Media and Cable Private Limited  | 85,714,285           | 9.83%        | 85,714,285           | 9.83%        |
| Arrow Media and Broadband Private Limited   | 57,142,857           | 6.55%        | 57,142,857           | 6.55%        |
| Digital Satellite Media & Broadband Private Limited                                   | 51,428,571           | 5.90%        | 51,428,571           | 5.90%        |

**(D) 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.

**(E) Terms of securities convertible into equity shares issued along with earliest date of conversion.**

The Company had originally issued 142,857,142 warrants on preferential basis upon payment of a consideration of ₹ 35 per warrant. Each warrant was convertible into one equity share of ₹ 1 each at a premium of ₹ 34 per share. Holders of such warrants had an option to convert these warrants into equity shares upon payment of aforesaid consideration on or before eighteen months from the date of allotment of warrants viz February 19, 2016. During the year ended March 31, 2017, at the request of holders of such warrants, the Company had converted 57,142,857 warrants into equity shares resulting in increase in equity share capital by ₹ 57.14 million.

(F) No shares were issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issue or brought back during the current year and last 5 years. During the year ended March 31, 2017 equity shares were issued on conversions of fully paid up warrants and OFCDs.

|  | ₹ in million            |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2018 | As at<br>March 31, 2017 |
| <b>16 (b) INSTRUMENTS ENTIRELY IN THE NATURE OF EQUITY</b> |                         |                         |
| Optionally Fully Convertible Debenture ('OFCDs')           |                         |                         |
| Opening balance  | -                       | 722.00                  |
| Issue of optionally fully convertible debenture            | -                       | -                       |
| Conversion of OFCDs into equity shares                     | -                       | 722.00                  |
| <b>Closing balance</b>                                     | <b>-</b>                | <b>-</b>                |

The Company had originally issued 51,428,571 Optionally Fully Convertible Debenture ('OFCDs') on preferential basis upon payment of a consideration of ₹ 35 per OFCD. Each convertible OFCD was convertible into one equity share of ₹ 1 each at a premium of ₹ 34 per share. Holders of such OFCDs had an option to convert these OFCDs into equity shares upon payment of aforesaid consideration on or before eighteen months from the date of allotment of OFCDs, viz. February 19, 2016. During the year ended March 31, 2017, the Company had converted 20,628,571 OFCDs into equity shares pursuant to the exercise of option resulting in increase in equity share capital by ₹ 20.63 million. This instrument meets the definition of equity, in accordance with Ind AS 32, as there is no obligation to transfer cash or any other financial asset or issue a variable number of shares.

|   | ₹ in million            |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2018 | As at<br>March 31, 2017 |
| <b>16 (c) OTHER EQUITY</b>  |                         |                         |
| Securities premium reserve  | 16,017.37               | 16,017.37               |
| Retained earnings   | (13,524.32)             | (11,585.74)             |
| General reserve   | 3.23                    | 3.23                    |
| Other comprehensive Income  | 5.01                    | 1.39                    |
| Foreign currency monetary item translation difference account (FCMITDA) | 13.81                   | 5.71                    |
| Employee shares based reserve   | 42.18                   | 58.65                   |
|   | <b>2,557.29</b>         | <b>4,500.61</b>         |

**A Notes:**

|                                     | ₹ in million       |                    |
|-------------------------------------|--------------------|--------------------|
| Particulars                         | March 31, 2018     | March 31, 2017     |
| <b>1 Securities premium reserve</b> |                    |                    |
| Opening balance                     | 16,017.37          | 13,367.14          |
| Addition during the year            | -                  | 2,650.23           |
| <b>Closing balance</b>              | <b>16,017.37</b>   | <b>16,017.37</b>   |
| <b>2 Retained earnings</b>          |                    |                    |
| Opening balance                     | (11,585.74)        | (9,644.08)         |
| Addition during the year            | (1,938.57)         | (1,941.66)         |
| <b>Closing balance</b>              | <b>(13,524.32)</b> | <b>(11,585.74)</b> |

₹ in million

| Particulars  | March 31, 2018 | March 31, 2017 |
|--|----------------|----------------|
| <b>3 General reserve</b>   |                |                |
| Opening balance  | 3.23           | 3.23           |
| Addition during the year   | -              | -              |
| <b>Closing balance</b>   | <b>3.23</b>    | <b>3.23</b>    |
| <b>4 Other comprehensive Income</b>  |                |                |
| Opening balance  | 1.39           | 0.04           |
| Addition during the year   | 3.62           | 1.35           |
| <b>Closing balance</b>   | <b>5.01</b>    | <b>1.39</b>    |
| <b>5 Foreign currency monetary item translation difference account (FCMITDA)</b> |                |                |
| Opening balance  | 5.71           | (60.99)        |
| Addition during the year   | 8.10           | 66.70          |
| <b>Closing balance</b>   | <b>13.81</b>   | <b>5.71</b>    |
| <b>6 Employee shares based reserve</b>   |                |                |
| Opening balance  | 58.65          | 30.35          |
| (Reversal)/addition during the year  | (16.47)        | 28.30          |
| <b>Closing balance</b>   | <b>42.18</b>   | <b>58.65</b>   |

**B Nature and purpose of reserves:**

**1 Securities premium reserve**

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Act.

**2 Retained earnings**

Retained earnings represent the accumulated earnings net of losses if any made by the Group over the years.

**3 General reserve**

General Reserve is a free reserve which is created by transferring funds from retained earnings to meet future obligations or purposes.

**4 Other comprehensive Income**

Other comprehensive Income includes actuarial gain/(loss) recognise in respective financial year.

**5 Foreign currency monetary item translation difference account (FCMITDA)**

FCMITDA is created for recording exchange differences arising on restatement of long term foreign currency monetary items, other than for acquisition of fixed assets, and is being amortised over the maturity period of such monetary items.

**6 Employee shares based reserve**

The reserve is used to recognised the grant date fair value of the options issued to employees under Group's employee stock option plan.

₹ in million

|   | As at<br>March 31, 2018 | As at<br>March 31, 2017 |
|---|-------------------------|-------------------------|
| <b>17 BORROWINGS (NON-CURRENT, FINANCIAL LIABILITIES)</b> |                         |                         |
| Secured loans from banks                                  | 5,250.53                | 6,337.12                |
| Buyer's credit  | 452.16                  | 3,878.19                |
| Long-term maturities of finance lease obligations         | 12.27                   | 27.39                   |
| Redeemable preference shares (Refer Note 16)              | 0.02                    | 0.02                    |
| Unsecured loan  | 256.96                  | 138.89                  |
|   | <b>5,971.94</b>         | <b>10,381.61</b>        |



₹ in million

|  | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| <b>18 OTHER (NON-CURRENT, FINANCIAL LIABILITIES)</b>   |                                 |                                 |
| Security deposits received from customers              | 37.49                           | 37.45                           |
| Payables for purchase of property, plant and equipment | 1,955.16                        | 1,941.12                        |
|  | <b>1,992.65</b>                 | <b>1,978.57</b>                 |

₹ in million

|  | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| <b>19 PROVISIONS (NON-CURRENT)</b>     |                                 |                                 |
| Provision for gratuity (refer note 36) | 37.40                           | 41.03                           |
| Provision for compensated absences     | 29.44                           | 28.88                           |
| Provision for taxation                 | 8.62                            | 8.54                            |
|  | <b>75.46</b>                    | <b>78.45</b>                    |

**20 The Breakup of year end deferred tax assets and liabilities into major components of the respective balance is as under**

₹ in million

| <b>Particulars</b>   | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| <b>Deferred tax liabilities</b>  |                                 |                                 |
| Timing difference in depreciation and amortisation of property, plant and equipment and other intangible assets                      | 545.25                          | 512.61                          |
| Gross deferred tax liabilities   | <b>545.25</b>                   | <b>512.61</b>                   |
| <b>Deferred tax assets</b>   |                                 |                                 |
| Provision for doubtful debts   | 303.97                          | 335.57                          |
| Expenditure debited to consolidated statement of profit and loss in the current year but allowed for tax purposes in following years | 35.08                           | 10.61                           |
| MAT credit   | 92.45                           | 52.70                           |
| Gross deferred tax assets  | <b>431.50</b>                   | <b>398.88</b>                   |
| <b>Net deferred tax liability</b>  | <b>124.18</b>                   | <b>119.61</b>                   |
| <b>Net deferred tax assets</b>   | <b>10.43</b>                    | <b>5.88</b>                     |

**Movement in deferred tax liabilities and assets**

Net deferred tax liability recognised in consolidated statement of profit and loss account during the year ended March 31, 2018 amounts to ₹ 44.99 million (March 31, 2017 ₹ 89.09).

**Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom:

|                                  | <b>March 31, 2018</b> |                                | <b>March 31, 2017</b> |                                |
|----------------------------------|-----------------------|--------------------------------|-----------------------|--------------------------------|
|                                  | <b>Gross amount</b>   | <b>Unrecognised tax effect</b> | <b>Gross amount</b>   | <b>Unrecognised tax effect</b> |
| Deductible temporary differences | 7,057.71              | 2,180.83                       | 5,023.15              | 1,552.16                       |
| Brought forward losses           | 1,161.76              | 358.98                         | 1,962.37              | 606.37                         |

The tax losses expire in assessment year 2019-2024. The deductible temporary differences which includes unabsorbed depreciation and provision for doubtful debts do not expire under current tax legislation.

₹ in million

|  | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| <b>21 OTHER (NON-CURRENT, NON-FINANCIAL LIABILITIES)</b> |                                 |                                 |
| Deferred revenue (refer note 3(f))                       | 894.61                          | 831.56                          |
| Interest free deposits from customers                    | 291.90                          | 378.16                          |
| Others   | 3.02                            | 9.14                            |
|  | <b>1,189.53</b>                 | <b>1,218.86</b>                 |

₹ in million

|   | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|---|---------------------------------|---------------------------------|
| <b>22 BORROWINGS (CURRENT, FINANCIAL LIABILITIES)</b> |                                 |                                 |
| Loans repayable on demand                             |                                 |                                 |
| From banks (secured)                                  | 1,533.03                        | 115.26                          |
| From other (unsecured)                                | 33.03                           | 80.80                           |
|   | <b>1,566.06</b>                 | <b>196.06</b>                   |

- i) As at March 31, 2018 the cash credit facilities are secured by first pari passu charge on the future and current assets of the Company with minimum assets cover ratio 1:1. The Company is required to maintain DSRA for 2 quarter's interest. The loans are further secured by corporate guarantee of an associate Company to maintain DSRA and carries an interest rate of BBR+250 BPS, IVBR and six months MCLR+1.70% respectively.
- ii) As at March 31, 2017 the cash credit facilities were secured by first pari passu charge on the future and current assets of the Company with minimum assets cover ratio 1:1. The Company is required to maintain DSRA for 1 quarter's interest. The loan is further secured by corporate guarantee of an associate company to maintain DSRA and carries an interest rate of Base rate +1.95%.
- iii) As at March 31, 2018 the loan from others are repayable on demand.

₹ in million

|  | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| <b>23 TRADE PAYABLES</b>   |                                 |                                 |
| - Total outstanding dues of micro enterprises and small enterprises; and                 | -                               | -                               |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 5,255.95                        | 4,087.26                        |
|  | <b>5,255.95</b>                 | <b>4,087.26</b>                 |

|  | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
|--|-----------------------|-----------------------|
| Dues to micro and small enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006  |                       |                       |
| Principle amount remaining unpaid  | -                     | -                     |
| Interest due thereon   | -                     | -                     |
| Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the period  | -                     | -                     |
| Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006  | -                     | -                     |
| Interest accrued and remaining unpaid  | -                     | -                     |
| Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006 | -                     | -                     |
|  | -                     | -                     |

The details of amounts outstanding to micro enterprises and small enterprises under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006 are as per available information with the Group.

₹ in million

|  | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| <b>24 OTHER FINANCIAL LIABILITIES (CURRENT)</b>        |                                 |                                 |
| Current maturities of long-term borrowings             | 6,929.14                        | 3,113.21                        |
| Current maturities of finance lease obligations        | 14.60                           | 14.39                           |
| Interest accrued and not due on borrowings             | 47.58                           | 20.18                           |
| Payables for purchase of property, plant and equipment | 1,249.02                        | 1,383.58                        |
| Book overdraft   | 132.78                          | 587.14                          |
|  | <b>8,373.12</b>                 | <b>5,118.50</b>                 |

₹ in million

|  | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| <b>25 PROVISIONS (CURRENT)</b>         |                                 |                                 |
| Provision for gratuity (refer note 35) | 2.09                            | 2.57                            |
| Provision for compensated absences     | 1.93                            | 1.67                            |
| Provision for taxation                 | 8.16                            | 157.55                          |
|  | <b>12.18</b>                    | <b>161.79</b>                   |

₹ in million

|  | <b>As at<br/>March 31, 2018</b> | <b>As at<br/>March 31, 2017</b> |
|--|---------------------------------|---------------------------------|
| <b>26 OTHER (CURRENT, NON-FINANCIAL LIABILITIES)</b> |                                 |                                 |
| Deferred revenue                                     | 575.13                          | 443.60                          |
| Statutory dues payable                               | 720.08                          | 948.46                          |
| Advance from customers                               | 456.33                          | 370.86                          |
|  | <b>1,751.54</b>                 | <b>1,762.92</b>                 |

**(Refer note 17 and 22)**

₹ in million

| Nature of loan   | March 31, 2018 |         | March 31, 2017 |         | Nature of securities  | Interest rate                     | Tenure of repayment*  |
|------------------|----------------|---------|----------------|---------|---|-----------------------------------|---|
|                  | Non-current    | Current | Non-current    | Current |   |                                   |   |
| <b>Term loan</b> |                |         |                |         |   |                                   |   |
| 1                | 113.64         | -       | -              | -       | Term loans from banks are secured by first pari passu charge on entire movable fixed assets, both present and future, of the Company and on the receivables, cash flow and bank account of the Company. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter of the interest and principal repayment to be funded ten days before each due date, for the entire tenure of the loan.   | Base rate + 1.20%                 | Eight (March 31, 2017: nil) quarterly instalments payable as per the terms of underlying agreement.   |
| 2                | 15.90          | 180.53  | -              | -       |   | Base rate + 1.20%                 |   |
| 3                | 247.66         | 495.24  | 747.66         | 246.16  |   | Base rate + 1.20%                 | Six (March 31, 2017: eight) quarterly instalments payable as per the terms of underlying agreement.   |
| 4                | 11.78          | 460.72  | 435.68         | 258.89  |   | Base rate + 1.20%                 |   |
| 5                | -              | -       | -              | 159.91  | Term loans from banks are secured by pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of the Company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of the Company's current assets. Also secured by corporate guarantee of an associated company for maintenance of debt service reserve account (DSRA) for 2 quarter's interest.  | Base rate + 2.50%                 | Nil (March 31, 2017: three) quarterly instalments payable as per the terms of underlying agreement.   |
| 6                | 307.82         | 415.42  | 723.24         | 414.80  |   | Base rate + 2.50%                 | Seven (March 31, 2017: eleven) quarterly instalments payable as per the terms of underlying agreement.  |
| 7                | -              | -       | -              | 966.61  | Term loans from bank are secured by first charge by way of hypothecation of the Company's entire current assets which would include stocks and consumable stores and spares and such other movable properties including book debts, receivables both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other banks/ lenders. First charge on all moveable fixed assets of the Company, cash flow and bank account of the Company ranking pari passu with other banks/lenders. Also secured by corporate guarantee of an associated company for maintaining revolving debt service reserve account (DSRA) for 1 quarter of the interest and principal repayment to be funded 10 days before each due date, for the entire tenure of the loan. | Base rate + 2.10%                 | Repayment plan for each term loan:<br>I. Nil (March 31, 2017: three) quarterly instalments payable as per the terms of underlying agreement<br>II. Nil (March 31, 2017: four) quarterly instalments payable as per the terms of underlying agreement<br>III. Nil (March 31, 2017: one) quarterly instalments as per the terms of underlying agreement<br>IV. Nil (March 31, 2017: two) quarterly instalments payable as per the terms of underlying agreement |
| 8                | 124.85         | 249.11  | 373.96         | 248.40  | Term loans from bank are secured by pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of the Company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of the Company's current assets. Also secured by corporate guarantee of an associated company for maintenance of debt service reserve account (DSRA) for 1 quarter's interest.   | Base rate + 0.45%                 | Six (March 31, 2017: ten) quarterly instalments payable as per the terms of underlying agreement.   |
| 9                | 186.68         | 123.74  | 310.41         | 123.23  | Term loans from bank are secured by pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of the Company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of the Company's current assets. Also secured by corporate guarantee of an associated company for maintenance of debt service reserve account (DSRA) for 1 quarter's interest.   | Base rate + 0.45%                 | Ten (March 31, 2017: fourteen) quarterly instalments payable as per the terms of underlying agreement.  |
| 10               | 1,416.82       | 72.68   | 987.33         | -       | 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 movable fixed assets, both present and future, and as well as current assets. Also secured by the Company for maintenance of interest service reserve account (ISRA) for 1 quarter's interest.  | Base rate + spread rate           | Twenty four (March 31, 2017: twenty four) quarterly instalments payable as per the terms of underlying agreement.   |
| 11               | 1,657.06       | 325.45  | 1,982.42       | -       | 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 current assets.   | Bank corporate prime lending rate | Six (March 31, 2017: six) half yearly instalments payable as per the terms of underlying agreement.   |
| 12               | 561.75         | 147.50  | 709.24         | 34.81   | 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 movable fixed assets and as well as current assets. Also secured by corporate guarantee of an associated company.   | Base rate + 0.5%                  | Six (March 31, 2017: seven) quarterly instalments payable as per the terms of underlying agreement.   |
| 13               | 365.58         | 365.58  | -              | -       | Term loans from bank are secured by pari passu charge in favour of lender in a form satisfactory to the lender of all of the Company's fixed and current assets excluding immovable assets. Also secured by corporate guarantee of an associated company for maintenance of debt service reserve account (DSRA).  | 6 months MCLR + margin            | Four (March 31, 2017: nil) half yearly instalments payable as per the terms of underlying agreement.  |

₹ in million

| Nature of loan  | March 31, 2018  |                 | March 31, 2017  |                 | Nature of securities  | Interest rate                | Tenure of repayment*   |
|---|-----------------|-----------------|-----------------|-----------------|---|------------------------------|--|
|   | Non-current     | Current         | Non-current     | Current         |   |                              |  |
| 14  | -               | -               | 19.33           | -               | Term loan from bank is secured by pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of a subsidiary company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of a subsidiary company's current assets.   | 11.60%                       | Nil (March 31, 2017 : One hundred seventy seven ) monthly instalments payable as per the terms of underlying agreement.  |
| 15  | -               | -               | 47.85           | -               | Secured by hypothecation of 70,000 digital set top box to be purchased and equitable mortgage of commercial plot of land at Beltala, Dispur, Dist: Kamrup held in the name of a Director, and personal guarantee of the Directors of the subsidiary.  | 12.90%                       | Nil (March 31, 2017 : Sixty six) monthly instalments payable as per the terms of underlying agreement  |
| 16  | 29.00           | 58.00           | -               | -               | Secured by the first and exclusive equitable mortgage land and building at Plot No.- XI/4, Block- EP & GP, Sector-V, Salt Lake, Kolkata-700091, pledge of fixed deposit, held in the name of the company and personal guarantee of the directors  | 11.20%                       | Eighteen (March 31, 2017: nil) monthly instalments payable as per the terms of underlying agreement.<br>Twelve (March 31, 2017: nil) quarterly instalments payable as per the terms of underlying agreement. |
| <b>Sub total</b>  | <b>5,250.53</b> | <b>2,999.98</b> | <b>6,337.12</b> | <b>2,452.81</b> |   |                              |  |
| * The above mentioned loan instalments range from ₹ 7.5 million to ₹ 125 million. |                 |                 |                 |                 |   |                              |  |
| <b>Buyer's credits</b>  |                 |                 |                 |                 |   |                              |  |
| 1   | -               | 1,338.10        | 1,413.51        | 301.83          | Buyer's credit from bank are secured by pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of the Company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of the Company's current assets. Also secured by corporate guarantee of an associated company for maintenance of debt service reserve account (DSRA) for 1 quarter's interest. | Six months LIBOR + 335 BPS   | Repayable at the end of tenure.  |
| 2   | -               | 1,502.14        | 1,515.04        | 195.05          | Buyer's credit from bank are secured by pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of the Company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of the Company's current assets. Also secured by corporate guarantee of an associated company for maintenance of debt service reserve account (DSRA) for 2 quarter's interest. | Six months LIBOR + 100 BPS   | Repayable at the end of tenure.  |
| 3   | -               | 510.32          | -               | -               | 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 movable assets and current assets (both present and future).  | Three months LIBOR + 295 BPS | Repayable at the end of tenure.  |
| 4   | 452.16          | 578.60          | 949.63          | 163.53          | Buyer's credit from Bank secured by first and exclusive charge on all existing and future current assets and unencumbered movable fixed assets including the set top boxes and also secured by the first and exclusive equitable mortgage on its land and building under construction, pledge of fixed deposit, held in the name of the subsidiary and personal guarantee of the directors.   | Base rate + 0.45%            | Repayable at the end of tenure.  |
| <b>Sub total</b>  | <b>452.16</b>   | <b>3,929.16</b> | <b>3,878.19</b> | <b>660.40</b>   |   |                              |  |
| <b>Unsecured loan</b>   | 256.96          | -               | 138.89          | -               | Repayable on demand   | Interest free                | Repayable on demand  |
| <b>Sub total</b>  | <b>256.96</b>   | <b>-</b>        | <b>138.89</b>   | <b>-</b>        |   |                              |  |
| <b>Finance lease obligations</b>  | 12.27           | 14.60           | 27.39           | 14.39           | Finance lease obligations - Secured by hypothecation of vehicles purchased thereunder.  |                              |  |
| <b>Sub total</b>  | <b>12.27</b>    | <b>14.60</b>    | <b>27.39</b>    | <b>14.39</b>    |   |                              |  |



₹ in million

|  | March 31, 2018   | March 31, 2017   |
|--|------------------|------------------|
| <b>27 REVENUE FROM OPERATIONS</b>              |                  |                  |
| <b>Sale of services</b>                        |                  |                  |
| Subscription income                            | 9,007.02         | 6,827.16         |
| Advertisement income                           | 185.36           | 135.18           |
| Carriage income                                | 3,037.55         | 3,000.51         |
| Activation and Set top boxes pairing charges   | 1,750.14         | 1,700.86         |
| <b>Other operating revenue</b>                 |                  |                  |
| Sale of traded goods*                          | 20.06            | 174.58           |
| Management charges and other networking income | 103.58           | 110.54           |
| Scrap sales                                    | 0.30             | 0.33             |
|  | <b>14,104.01</b> | <b>11,949.16</b> |
| <b>* Details of sale of traded goods</b>       |                  |                  |
| Set top box (STB) and viewing cards (VC)       | 16.49            | 168.97           |
| Stores and spares                              | 3.57             | 5.61             |
|  | <b>20.06</b>     | <b>174.58</b>    |

₹ in million

|   | March 31, 2018 | March 31, 2017 |
|---|----------------|----------------|
| <b>28 OTHER INCOME</b>  |                |                |
| Interest income on  |                |                |
| Bank deposits   | 70.91          | 79.71          |
| Others  | 52.43          | 126.23         |
| Excess provisions written back  | 22.95          | 52.23          |
| Rental income derived from investment properties  | 13.44          | -              |
| Net gain arising on financial assets designated as at fair value through profit or loss | -              | 0.68           |
|   | <b>159.73</b>  | <b>258.85</b>  |

₹ in million

|  | March 31, 2018 | March 31, 2017 |
|--|----------------|----------------|
| <b>29 EMPLOYEE BENEFITS EXPENSE</b>        |                |                |
| Salaries, allowances and bonus             | 802.05         | 748.55         |
| Contributions to provident and other funds | 53.24          | 42.05          |
| Staff welfare expenses                     | 49.65          | 42.30          |
|  | <b>904.94</b>  | <b>832.90</b>  |

₹ in million

|   | March 31, 2018  | March 31, 2017  |
|---|-----------------|-----------------|
| <b>30 FINANCE COSTS</b>                           |                 |                 |
| Interest expense for borrowings at amortised cost | 1,038.40        | 976.06          |
| Bank charges                                      | 280.91          | 274.33          |
| Amortisation of ancillary borrowing costs         | 76.18           | 24.08           |
|   | <b>1,395.49</b> | <b>1,274.47</b> |

₹ in million

|   | March 31, 2018  | March 31, 2017  |
|---|-----------------|-----------------|
| <b>31 DEPRECIATION AND AMORTISATION OF NON-FINANCIAL ASSETS</b> |                 |                 |
| Depreciation of property, plant and equipment (refer note 4)    | 2,682.15        | 1,952.95        |
| Depreciation of investment property (refer note 5)              | 5.30            | -               |
| Amortisation of intangible assets (refer note 6)                | 574.25          | 458.87          |
|   | <b>3,261.70</b> | <b>2,411.82</b> |

₹ in million

|   | March 31, 2018  | March 31, 2017  |
|---|-----------------|-----------------|
| <b>32 OTHER EXPENSES</b>                            |                 |                 |
| Rent  | 218.79          | 203.82          |
| Rates and taxes                                     | 36.25           | 68.90           |
| Communication expenses                              | 39.94           | 40.07           |
| Repairs and maintenance                             |                 |                 |
| - Network   | 58.29           | 74.39           |
| - Buildings   | 1.55            | 1.33            |
| - Others  | 33.77           | 22.13           |
| Electricity and water charges                       | 109.20          | 97.72           |
| Legal, professional and consultancy charges         | 116.17          | 150.51          |
| Printing and stationery                             | 14.87           | 11.35           |
| Contractual Service charges                         | 530.83          | 459.76          |
| Travelling and conveyance expenses                  | 85.01           | 76.58           |
| Auditors' remuneration*                             | 9.09            | 8.63            |
| Vehicle running expenses                            | 58.32           | 48.83           |
| Insurance expenses                                  | 8.40            | 7.84            |
| Provision for doubtful debts**                      | 721.68          | 331.28          |
| Provision for doubtful advances                     | 0.07            | -               |
| Advertisement and publicity expenses                | 28.31           | 22.42           |
| Commission charges and incentives                   | 181.88          | 150.32          |
| Bad debts written off                               | 36.06           | 3.88            |
| Program production expenses                         | 48.05           | 43.54           |
| Other operational cost                              | 1,179.97        | 997.35          |
| Business and sales promotion                        | 24.25           | 38.85           |
| Loss on sale of property, plant and equipment (net) | 28.09           | -               |
| Exchange fluctuation loss (net)                     | 35.21           | 1.90            |
| Miscellaneous expenses                              | 97.26           | 93.27           |
|   | <b>3,701.31</b> | <b>2,954.67</b> |

\*Auditors' remuneration (including auditors remuneration of subsidiaries company)

₹ in million

|                                     | March 31, 2018 | March 31, 2017 |
|-------------------------------------|----------------|----------------|
| as an auditor                       | 8.28           | 8.03           |
| for other services (certifications) | 0.38           | 0.32           |
| for reimbursement of expenses       | 0.43           | 0.28           |
|                                     | <b>9.09</b>    | <b>8.63</b>    |

\*\* Provision for doubtful debts is net of write-back of provision in relation to corresponding revenue sharing costs aggregating ₹ 198.86 million (previous year: ₹ nil)

₹ in million

|   | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
|---|-----------------------|-----------------------|
| <b>33 LOSS PER SHARE</b>  |                       |                       |
| Loss attributable to owners of the parent   | (1,938.57)            | (1,885.29)            |
| Weighted average number of equity shares outstanding during the year (nos.)   | 872,053,848           | 801,199,892           |
| Weighted average number of equity shares to be issued on conversion of mandatorily convertible instruments (i.e. share and OFCD) (nos.) | -                     | 70,740,039            |
| <b>Weighted average number of equity shares outstanding during the year for calculating basic and diluted earnings per share (nos.)</b> | <b>872,053,848</b>    | <b>871,939,931</b>    |
| Effect of dilutive potential equity shares ~  |                       |                       |
| Employee stock options (nos.)   | -                     | 434,549               |
| Nominal value of per equity share (₹)   | 1                     | 1                     |
| <b>Loss per share (₹)</b>   |                       |                       |
| Basic and diluted loss per share  | (2.22)                | (2.16)                |

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

**34** The digitisation of cable networks has been implemented in Phase 1 and 2 cities starting from November 1, 2012 onwards and Phase 3 and 4 cities were to be digitised by January 31, 2017 and March 31, 2017 respectively, as per the extended timelines. Owing to the initial delays in implementation of DAS, all the Multi-System Operators (MSOs) are in transition from analogue regime to DAS and are in the process of implementation of revenue sharing contracts with the local cable operators (LCOs). Accordingly, the Group has invoiced certain LCO's and recognised subscription revenue based on certain estimates (net basis) derived from market trends and ongoing discussion with the LCOs. Management is of the view that the execution/implementation of such contracts will not have a significant impact on the subscription revenue recognised.

### 35 GROUP COMPOSITION STRUCTURE

| Name of the subsidiaries  | Country of incorporation | Percentage of ownership |                      |
|---|--------------------------|-------------------------|----------------------|
|   |                          | As at March 31, 2018    | As at March 31, 2017 |
| Indian Cable Net Company Limited (hereinafter referred as "ICNCL")*   | India                    | 60.02%                  | 60.02%               |
| Central Bombay Cable Network Limited (hereinafter referred as "CBCNL")  | India                    | 100.00%                 | 100.00%              |
| Siticable Broadband South Limited (hereinafter referred as "SBSL")  | India                    | 100.00%                 | 100.00%              |
| Master Channel Community Network Private Limited (hereinafter referred as "MCCNPL")**   | India                    | 66.00%                  | 66.00%               |
| Siti Vision Digital Media Private Limited (hereinafter referred as "SVDMPL")  | India                    | 51.00%                  | 51.00%               |
| Siti Jind Digital Media Communications Private Limited (hereinafter referred as "SJDMCPL")****  | India                    | 57.50%                  | 57.50%               |
| Siti Jai Maa Durgee Communications Private Limited (hereinafter referred as "SJMDCPL")  | India                    | 51.00%                  | 51.00%               |
| Siti Bhatia Network Entertainment Private Limited (hereinafter referred as "SBNEPL")  | India                    | 51.00%                  | 51.00%               |
| Siti Jony Digital Cable Network Private Limited (hereinafter referred as "SJDCNPL")   | India                    | 51.00%                  | 51.00%               |
| Siti Krishna Digital Media Private Limited (hereinafter referred as "SKDMPL")   | India                    | 51.00%                  | 51.00%               |
| Siti Faction Digital Private Limited (hereinafter referred as "SFDPL")  | India                    | 51.00%                  | 51.00%               |
| Siti Guntur Digital Network Private Limited (hereinafter referred as "SGDNPL")  | India                    | 74.00%                  | 74.00%               |
| Siti Maurya Cable Net Private Limited (hereinafter referred as "SMCNPL") ***  | India                    | 50.10%                  | 50.10%               |
| Siti Karnal Digital Media Network Private Limited (hereinafter referred as "SKDMNPL")   | India                    | 51.00%                  | 51.00%               |
| Siti Global Private Limited (hereinafter referred as "SGPL")  | India                    | 51.00%                  | 51.00%               |
| Siti Siri Digital Network Private Limited (hereinafter referred as "SDNPL")   | India                    | 51.00%                  | 51.00%               |
| Siti Broadband Services Private Limited (hereinafter referred as "SBSPL")   | India                    | 100.00%                 | 100.00%              |
| Siti Prime Uttaranchal Communication Private Limited (formerly known as Capital Digital Multimedia Network Private Limited) (hereinafter referred as "SPUCPL")    | India                    | 51.00%                  | 51.00%               |
| Siti Sagar Digital Cable Network Private Limited (formerly known as Panchsheel Digital Communication Network Private Limited) (hereinafter referred as "SSDCNPL") | India                    | 51.00%                  | 51.00%               |
| Siti Saistar Digital Media Private Limited (formerly known as Saistar Digitalmedia Private Limited) (hereinafter referred as "SSDMPL")                            | India                    | 51.00%                  | 51.00%               |
| Siti Godaari Digital Services Private Limited (formerly known as Bargachh Digital Communication Network Private Limited) (hereinafter referred as "SGDSPL")       | India                    | 51.00%                  | 51.00%               |
| Variety Entertainment Private Limited (hereinafter referred as "VEPL")  | India                    | 100.00%                 | 100.00%              |
| Indinet Service Private Limited (hereinafter referred as "ISPL")***   | India                    | 100.00%                 | 100.00%              |
| Axom Communications & Cable Private Limited (hereinafter referred as "ACCPL")***  | India                    | 50.00%                  | 50.00%               |

\*Include 0.30% held through CBCNL

\*\* Subsidiary of CBCNL

\*\*\* Subsidiary of ICNCL by virtue of control.

\*\*\*\* Include 6.50% held through SBSL

| Name of the associate and joint venture   | Country of incorporation | Percentage of ownership |                      |
|---|--------------------------|-------------------------|----------------------|
|   |                          | As at March 31, 2018    | As at March 31, 2017 |
| Siti Chhattisgarh Multimedia Private Limited (hereinafter referred as "SCMPL")***** | India                    | 41.00%                  | 41.00%               |
| C&S Medianet Private Limited (hereinafter referred as "CSMPL")                      | India                    | 48.00%                  | 48.00%               |
| Voice Snap Services Private Limited (hereinafter referred as "VSSPL")*****          | India                    | 35.26%                  | 32.34%               |
| Wire and Wireless Tisai Satellite Limited (hereinafter referred as "WWTSL")         | India                    | 51.00%                  | 51.00%               |

\*\*\*\*\* Associate of SBNEPL

\*\*\*\*\* Associate of VEPL

### 36 EMPLOYEE BENEFIT OBLIGATIONS

#### Post-employment obligations - gratuity

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The expected contribution to the plan for next annual reporting period amounts to ₹ 11.90 million.

The weighted average duration of the defined benefit obligation as at March 31, 2018 is 16 years (March 31, 2017: 16 years).

The plan exposes the Group to actuarial risks such as interest rate risk and inflation risk.

#### Interest rate risk

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of risk free securities.

#### Inflation risk

A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Group's liability.

The following tables summarises the components of net benefit expense recognised in the consolidated statement of profit and loss and the amount recognised in the consolidated balance sheet for the respective plans.

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

|   | ₹ in million   |                |
|---|----------------|----------------|
|   | March 31, 2018 | March 31, 2017 |
| Present value of defined benefit obligation at the beginning of the year    | 43.60          | 29.13          |
| Interest cost   | 3.38           | 2.72           |
| Current service cost  | 7.40           | 11.14          |
| Benefits paid   | (21.00)        | (1.64)         |
| Past service Cost   | 2.19           | -              |
| Actuarial loss on Remeasurement of obligation                               | 3.91           | 2.25           |
| <b>Present value of defined benefit obligation at the end of the year *</b> | <b>39.49</b>   | <b>43.60</b>   |

\* Includes current portion ₹ 2.09 million (March 31, 2017: ₹ 2.57 million)

The gratuity plan of the Group is unfunded.

**Amount recognised in the consolidated statement of profit and loss:**

|                      | ₹ in million          |                       |
|----------------------|-----------------------|-----------------------|
|                      | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
| Current service cost | 7.40                  | 11.14                 |
| Interest cost        | 3.38                  | 2.72                  |
| Past service cost    | 2.19                  |                       |
|                      | <b>12.97</b>          | <b>13.86</b>          |

|   | ₹ in million          |                       |
|---|-----------------------|-----------------------|
|   | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
| <b>Amount recognised in the statement of other comprehensive income</b> |                       |                       |
| Actuarial loss on arising from change in financial assumptions          | 2.95                  | 1.36                  |
| Actuarial loss on arising from experience adjustments                   | 0.96                  | 0.89                  |
|   | <b>3.91</b>           | <b>2.25</b>           |

|  | ₹ in million             |                          |
|--|--------------------------|--------------------------|
|  | <b>Gratuity</b>          |                          |
|  | <b>March 31, 2018</b>    | <b>March 31, 2017</b>    |
| <b>Actuarial assumptions used</b>        |                          |                          |
| Discount rate (per annum)                | 7.75%                    | 8%-9%                    |
| Rate of escalation in salary (per annum) | 5%-8%                    | 5%-8%                    |
| Mortality                                | IALM 2006-08<br>Ultimate | IALM 2006-08<br>Ultimate |
| Withdrawal rate (per annum)              | 2%-5%                    | 2%                       |
| Normal retirement age                    | 60 years                 | 60 years                 |

These assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to each year-end by reference to market yields of risk free securities that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

The present value of the defined benefit obligation was measured using the projected unit credit method.

**Sensitivity analysis of the defined benefit obligation for significant actuarial assumptions**

|  | ₹ in million          |                       |
|--|-----------------------|-----------------------|
|  | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
| <b>Impact of the change in discount rate</b>       |                       |                       |
| Present value of obligation at the end of the year | 39.49                 | 43.60                 |
| Decrease in liability due to increase of 11 %      | (3.91)                | (4.32)                |
| Increase in liability due to decrease of 13 %      | 4.54                  | 17.82                 |
| <b>Impact of the change in salary increase</b>     |                       |                       |
| Present value of obligation at the end of the year | 39.49                 | 43.60                 |
| Increase in liability due to increase of 12 %      | 4.23                  | 4.67                  |
| Decrease in liability due to decrease of 11 %      | (3.91)                | (4.32)                |

**Defined contribution plans**

Contribution to defined contribution plan, recognised as expense for the year are as under :-

Employer's contribution to provident fund and other funds ₹ 53.24 million (previous year ₹ 42.05 million)



## 37 SHARE-BASED EMPLOYEE REMUNERATION

### Employee Stock Option Plan –ESOP-2015

The Holding Company instituted the Employee Stock Option Scheme -2015 ("SITI ESOP 2015" or "New Plan") to grant equity based incentives to eligible employees. The SITI ESOP-2015 has been approved by the Board of Directors of the Holding Company at their meeting held on May 28, 2015 and by the shareholders of the Holding Company by way of special resolution passed at their Annual General Meeting held on August 27, 2015 to grant upto 33,881,656 options, representing one share for each option upon exercise by the eligible employee at an exercise price determined by the Board / remuneration committee.

The options granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. Under the terms of the Scheme, 50%, 35% and 15% of the options will vest in the employee(s) after expiry of one year, two years and three years, respectively, from the date of grant of options. The option grantee must exercise all vested options within a period of four years from the date of vesting and the shares arising on exercise of such options shall not be subject to any lock-in period.

| <b>Employee Stock Option Plan –ESOP-2015</b> |                   |
|--|-------------------|
| Date of grant                                | September 3, 2015 |
| Date of Board approval                       | May 28, 2015      |
| Date of shareholders' approval               | August 27, 2015   |
| Number of options granted                    | 4,663,500         |
| Method of settlement (cash/equity)           | Equity            |
| Vesting period                               | Three years       |
| Exercise period                              | Four years        |

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

|  | <b>March 31, 2018</b>    |  | <b>March 31, 2017</b>    |  |
|--|--------------------------|--|--------------------------|--|
|  | <b>Number of options</b> | <b>Weighted average exercise price (₹)</b> | <b>Number of options</b> | <b>Weighted average exercise price (₹)</b> |
| Outstanding at the beginning of the year | 4,295,400                | 30.85                                      | 4,663,500                | 30.85                                      |
| Granted during the year                  | -                        | -  | -                        | -  |
| Forfeited during the year                | 1,443,125                | 30.85                                      | 233,100                  | 30.85                                      |
| Exercised during the year                | -                        | -  | 135,000                  | 30.85                                      |
| Outstanding at the end of the year       | 2,852,275                | 30.85                                      | 4,295,400                | 30.85                                      |
| Exercisable at the end of the year       | 2,714,680                | 30.85                                      | 2,196,750                | 30.85                                      |

No options were exercised during the current financial year. The weighted average share price per share at the date of exercise in the previous year was ₹ 39.05 per share.

The fair values of options granted under new plan were determined using a variation of the binomial option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The following principal assumptions were used in the valuation:

|   | <b>March 31, 2018</b>       |                                   |                                   | <b>March 31, 2017</b>             |                                   |                                   |
|---|-----------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|   | <b>Options Vested (50%)</b> | <b>Options to be vested (35%)</b> | <b>Options to be vested (15%)</b> | <b>Options to be vested (50%)</b> | <b>Options to be vested (35%)</b> | <b>Options to be vested (15%)</b> |
| Number of options                                   | 2,331,750                   | 1,632,225                         | 699,525                           | 2,331,750                         | 1,632,225                         | 699,525                           |
| Fair value on grant date                            | 14.63                       | 17.49                             | 19.14                             | 14.63                             | 17.49                             | 19.14                             |
| Share price at grant date                           | 30.85                       | 30.85                             | 30.85                             | 30.85                             | 30.85                             | 30.85                             |
| Fair value at exercise date                         | -                           | -                                 | -                                 | 39.05                             | -                                 | -                                 |
| Exercise price                                      | 30.85                       | 30.85                             | 30.85                             | 30.85                             | 30.85                             | 30.85                             |
| Expected volatility                                 | 39.82%                      | 44.49%                            | 43.47%                            | 39.82%                            | 44.49%                            | 43.47%                            |
| Expected life                                       | Three years                 | Four years                        | Five years                        | Three years                       | Four years                        | Five years                        |
| Expected dividends                                  | 0.00%                       | 0.00%                             | 0.00%                             | 0.00%                             | 0.00%                             | 0.00%                             |
| Risk-free interest rate (based on government bonds) | 7.77%                       | 7.97%                             | 7.98%                             | 7.80%                             | 7.79%                             | 7.88%                             |

The underlying expected volatility was determined by reference to historical data of the Holding Company's shares over a period of time since its flotation on the Stock Exchange. No special features inherent to the options granted were incorporated into measurement of fair value.

The employee remuneration expense has decreased by ₹ 16.47 million (previous year: increased by ₹ 30.29 million), all of which relates to options lapsed/expired during the year due to resignation of eligible employees.

### 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 escalation clause in the lease agreement. There are restrictions imposed by the lease arrangements. There are subleases.

Finance lease liabilities (refer note 17 and 22) are secured by related assets held under finance leases.

#### Future Minimum Lease Payments and their Present Values are given below:

|                          | Minimum lease payments due |              |               | Total       |
|--------------------------|----------------------------|--------------|---------------|-------------|
|                          | Within 1 year              | 1 to 5 years | after 5 years |             |
|                          | ₹ in million               |              |               |             |
| <b>March 31, 2018</b>    |                            |              |               |             |
| Lease payments           | 1.33                       | 2.64         | -             | 3.97        |
| Finance charges          | 0.24                       | 0.16         | -             | 0.40        |
| <b>Net present value</b> | <b>1.09</b>                | <b>2.48</b>  | <b>-</b>      | <b>3.57</b> |
| <b>March 31, 2017</b>    |                            |              |               |             |
| Lease payments           | 1.42                       | 3.97         | -             | 5.39        |
| Finance charges          | 0.38                       | 0.55         | -             | 0.93        |
| <b>Net present value</b> | <b>1.04</b>                | <b>3.42</b>  | <b>-</b>      | <b>4.46</b> |

#### Operating lease : Group as lessee

The Group has taken various commercial premises under operating leases. These leases have varying terms, escalation clauses and renewal rights. On renewal the terms of the leases are renegotiated. Rent amounting to ₹ 218.79 million (previous year: ₹ 203.82 million) has been debited to consolidated statement of profit and loss during the year.

#### The total future minimum lease payment receivable under non-cancellable operating lease is:

|  | ₹ in million   |                |
|--|----------------|----------------|
|  | March 31, 2018 | March 31, 2017 |
| Lease payment for the year   | 30.00          | 30.00          |
| Minimum lease payment not later than 1 year                        | 30.00          | 12.64          |
| Minimum lease payment later than 1 year but not later than 5 years | 42.50          | -              |

## 39 FAIR VALUE MEASUREMENTS

### A. Financial instruments by category

₹ in million

|  | Notes    | March 31, 2018 |                  |                  |
|--|----------|----------------|------------------|------------------|
|  |          | FVTPL          | Amortised cost   | Total            |
| <b>Financial assets</b>                                |          |                |                  |                  |
| Bank deposits  | 8        | -              | 676.28           | 676.28           |
| Amount recoverable                                     | 14       | -              | 401.17           | 401.17           |
| Interest accrued and not due on fixed deposits         | 14       | -              | 29.73            | 29.73            |
| Security deposits                                      | 8 and 14 | -              | 110.41           | 110.41           |
| Unbilled revenues                                      | 14       | -              | 572.04           | 572.04           |
| Trade receivables                                      | 11       | -              | 3,687.62         | 3,687.62         |
| Cash and cash equivalents                              | 12       | -              | 935.31           | 935.31           |
| Other bank balances                                    | 12       | -              | 325.52           | 325.52           |
| <b>Total financial assets</b>                          |          | <b>-</b>       | <b>6,738.08</b>  | <b>6,738.08</b>  |
| <b>Financial liabilities</b>                           |          |                |                  |                  |
| Borrowings (Non-current, financial liabilities)        | 17       | -              | 5,971.94         | 5,971.94         |
| Borrowings (Current, financial liabilities)            | 22       | -              | 1,566.06         | 1,566.06         |
| Payables for purchase of property, plant and equipment | 18       | -              | 3,204.18         | 3,204.18         |
| Security deposits received from customer               | 18       | -              | 37.49            | 37.49            |
| Trade payables   | 23       | -              | 5,255.95         | 5,255.95         |
| Other financial liabilities (current)                  | 24       | -              | 7,124.11         | 7,124.11         |
| <b>Total financial liabilities</b>                     |          | <b>-</b>       | <b>23,159.73</b> | <b>23,159.73</b> |

₹ in million

|  | Notes    | March 31, 2017 |                  |                  |
|--|----------|----------------|------------------|------------------|
|  |          | FVTPL          | Amortised cost   | Total            |
| <b>Financial assets</b>                                |          |                |                  |                  |
| Bank deposits  | 8        | -              | 874.09           | 874.09           |
| Amount recoverable                                     | 14       | -              | 967.86           | 967.86           |
| Interest accrued and not due on fixed deposits         | 14       | -              | 83.92            | 83.92            |
| Security deposits                                      | 8 and 14 | -              | 73.33            | 73.33            |
| Unbilled revenues                                      | 14       | -              | 412.59           | 412.59           |
| Trade receivables                                      | 11       | -              | 3,631.40         | 3,631.40         |
| Investment (Current, financial assets)                 | 13       | 4.40           | -                | 4.40             |
| Cash and cash equivalents                              | 12       | -              | 1,706.56         | 1,706.56         |
| <b>Total financial assets</b>                          |          | <b>4.40</b>    | <b>7,749.75</b>  | <b>7,754.15</b>  |
| <b>Financial liabilities</b>                           |          |                |                  |                  |
| Borrowings (non-current, financial liabilities)        | 17       | -              | 10,381.61        | 10,381.61        |
| Borrowings (Current, financial liabilities)            | 22       | -              | 196.06           | 196.06           |
| Payables for purchase of property, plant and equipment | 18       | -              | 1,941.12         | 1,941.12         |
| Security deposits                                      | 18       | -              | 37.45            | 37.45            |
| Trade payables   | 23       | -              | 4,087.26         | 4,087.26         |
| Other financial liabilities (current)                  | 24       | -              | 5,118.50         | 5,118.50         |
| <b>Total financial liabilities</b>                     |          | <b>-</b>       | <b>21,762.00</b> | <b>21,762.00</b> |

### B. Financial instruments measured at fair value

The following tables present financial assets and liabilities measured at fair value in the consolidated balance sheet in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as on March 31, 2018 and March 31, 2017 as follows:

| ₹ in million            |                          |         |         |         |
|-------------------------|--------------------------|---------|---------|---------|
| March 31, 2018          | Date of Valuation        | Level 1 | Level 2 | Level 3 |
| <b>Financial assets</b> |                          |         |         |         |
| Mutual funds            | <b>At March 31, 2018</b> | -       | -       | -       |
| <b>March 31, 2017</b>   |                          |         |         |         |
| <b>Financial assets</b> |                          |         |         |         |
| Mutual funds            | At March 31, 2017        | 4.40    | -       | -       |

There have been no transfer between level 1, level 2 and level 3 during the year ended March 31, 2018 and March 31, 2017.

The following table presents the changes in level 1 items for the year ended March 31, 2018 and March 31, 2017:

| Particulars                                      | ₹ in million |
|--|--------------|
| <b>As at April 01, 2016</b>                      | 12.56        |
| Mutual funds sold during the year                | (8.98)       |
| Gains recognised in statement of profit and loss | 0.82         |
| <b>As at March 31, 2017</b>                      | <b>4.40</b>  |
| Mutual funds sold during the year                | (4.42)       |
| Gains recognised in statement of profit and loss | 0.02         |
| <b>As at March 31, 2018</b>                      | <b>-</b>     |

### C. Fair value of financial assets and liabilities measured at amortised cost

|  | ₹ in million     |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
|  | March 31, 2018   |                  | March 31, 2017   |                  |
|  | Carrying amount  | Fair value       | Carrying amount  | Fair value       |
| <b>Financial assets</b>                                |                  |                  |                  |                  |
| Bank deposits  | 676.28           | 676.28           | 874.09           | 874.09           |
| Amount recoverable                                     | 401.17           | 401.17           | 967.86           | 967.86           |
| Interest accrued and not due on fixed deposits         | 29.73            | 29.73            | 83.92            | 83.92            |
| Security deposits                                      | 110.41           | 110.41           | 73.33            | 73.33            |
| Unbilled revenue                                       | 572.04           | 572.04           | 412.59           | 412.59           |
| Trade receivables                                      | 3,687.62         | 3,687.62         | 3,631.40         | 3,631.40         |
| Cash and cash equivalents                              | 935.31           | 935.31           | 1,706.56         | 1,706.56         |
| Other bank balances                                    | 325.52           | 325.52           | -                | -                |
| <b>Total financial assets</b>                          | <b>6,738.08</b>  | <b>6,738.08</b>  | <b>7,749.75</b>  | <b>7,749.75</b>  |
| <b>Financial liabilities</b>                           |                  |                  |                  |                  |
| Borrowings (non-current, financial liabilities)        | 5,971.94         | 5,971.94         | 10,381.61        | 10,381.61        |
| Borrowings (current, financial liabilities)            | 1,566.06         | 1,566.06         | 196.06           | 196.06           |
| Payables for purchase of property, plant and equipment | 3,204.18         | 3,204.18         | 1,941.12         | 1,941.12         |
| Security deposits                                      | 37.49            | 37.49            | 37.45            | 37.45            |
| Trade payables   | 5,255.95         | 5,255.95         | 4,087.26         | 4,087.26         |
| Other financial liabilities (current)                  | 7,124.11         | 7,124.11         | 5,118.50         | 5,118.50         |
| <b>Total financial liabilities</b>                     | <b>23,159.73</b> | <b>23,159.73</b> | <b>21,762.00</b> | <b>21,762.00</b> |

## D. Financial risk management objectives and policies

### Financial risk management

The Group is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and market risk.

The Group's risk management is coordinated in close co-operation with the board of directors, and focuses on securing Group's short to medium term cash flows.

This note explains the sources of risk which the Group is exposed to and how the Group manages the risk and the related impact in these consolidated financial statements.

### A. Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due to the Group causing financial loss. The Group's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

#### Credit risk management

Credit risk rating

The Group assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk on financial reporting date

B: High credit risk

The Group provides for expected credit loss based on the following:

| Asset group      | Basis of categorisation  | Provision for expected credit loss                   |
|------------------|--|--|
| Low credit risk  | Investment, Cash and cash equivalents and other financial assets except security deposits and amount recoverable | 12 month expected credit loss                        |
| High credit risk | Trade receivables, security deposits and amount recoverable  | Life time expected credit loss or fully provided for |

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

|                     |  | ₹ in million   |                |
|---------------------|--|----------------|----------------|
| Credit rating       | Particulars  | March 31, 2018 | March 31, 2017 |
| A: Low credit risk  | Investment, Cash and cash equivalents and other financial assets except security deposits and amount recoverable | 2,538.88       | 3,081.57       |
| B: High credit risk | Trade receivables, security deposits and amount recoverable  | 4,199.20       | 4,672.59       |

#### Concentration of trade receivables

The Group has widespread customers and there is no concentration of trade receivables.

#### Credit risk exposure

##### Provision for expected credit losses

The Company provides for 12 month expected credit losses for following financial assets.

Expected credit loss for trade receivables under simplified approach

For the purpose of computation of expected credit loss, the Company has analysed the trend of provisions for doubtful debts created in earlier years. The average rate of provision has been computed based on the adjusted sales (excluding those where the Company does not have any historical provision) and provision for doubtful debtors created against those sales. As per this methodology, the Company has determined the expected credit loss as 5% for customers of subscription and carriage and 15% for advertisement customers.

**as at March 31, 2018**

| ₹ in million        |  |                        |   |
|---------------------|--|------------------------|---|
| Particulars         | Estimated gross carrying amount at default | Expected credit losses | Carrying amount net of impairment provision |
| Trade receivables   | 6,333.70                                   | (2,646.08)             | 3,687.62                                    |
| Security deposits   | 110.41                                     | -                      | 110.41                                      |
| Amounts recoverable | 401.17                                     | -                      | 401.17                                      |

**as at March 31, 2017**

| ₹ in million        |  |                        |   |
|---------------------|--|------------------------|---|
| Particulars         | Estimated gross carrying amount at default | Expected credit losses | Carrying amount net of impairment provision |
| Trade receivables   | 6,057.39                                   | (2,425.99)             | 3,631.40                                    |
| Security deposits   | 73.33                                      | -                      | 73.33                                       |
| Amounts recoverable | 967.86                                     | -                      | 967.86                                      |

| Reconciliation of loss allowance provision – Trade receivable, security deposit and amounts recoverable |  | ₹ in million      |
|---|--|-------------------|
| <b>Loss allowance on April 01, 2016</b>   |  | <b>(2,147.35)</b> |
| Changes in loss allowance   |  | (278.64)          |
| <b>Loss allowance on March 31, 2017</b>   |  | <b>(2,425.99)</b> |
| Changes in loss allowance   |  | (220.09)          |
| <b>Loss allowance on March 31, 2018</b>   |  | <b>(2,646.08)</b> |

**B. Liquidity risk**

Liquidity risk is the risk that suitable sources of funding for the Group's business activities may not be available.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. Short term liquidity requirements comprises mainly of trade payables and employee dues arising during normal course of business as on each balance sheet date. Long- term liquidity requirement is assessed by the management on periodical basis and is managed through internal accruals and through funding commitments from shareholders. As at each statement of financial position date, the Group's liabilities having contractual maturities (including interest payments where applicable) are summarised as follows:

**Contractual maturities of financial liabilities**

| ₹ in million   |                    |                  |                     |
|--|--------------------|------------------|---------------------|
|  | Less than one year | One to two years | More than two years |
| <b>March 31, 2018</b>  |                    |                  |                     |
| <b>Non-derivatives</b>   |                    |                  |                     |
| Borrowings (non-current, financial liabilities) and interest on borrowings     | 7,725.31           | 3,515.76         | 3,057.98            |
| Borrowings (current, financial liabilities) and interest on borrowings         | 1,613.65           | -                | -                   |
| Payables for purchase of property, plant and equipments                        | 1,249.02           | -                | 1,955.16            |
| Security deposits received from customers (non-current, financial liabilities) | -                  | -                | 37.49               |
| Book overdraft   | 132.78             | -                | -                   |
| Trade payables   | 5,255.95           | -                | -                   |
| <b>Total non-derivative liabilities</b>  | <b>15,976.71</b>   | <b>3,515.76</b>  | <b>5,050.63</b>     |



₹ in million

|  | Less than one year | One to two years | More than two years |
|--|--------------------|------------------|---------------------|
| <b>March 31, 2017</b>  |                    |                  |                     |
| <b>Non-derivatives</b>   |                    |                  |                     |
| Borrowings (non-current, financial liabilities) and interest on borrowings     | 4,235.04           | 4,335.05         | 7,698.33            |
| Interest accrued and not due on borrowings                                     | 216.24             | -                | -                   |
| Payables for purchase of property, plant and equipments                        | 1,383.58           | -                | 1,941.12            |
| Security deposits received from customers (non-current, financial liabilities) | -                  | -                | 37.45               |
| Book overdraft   | 587.14             | -                | -                   |
| Trade payables   | 4,087.26           | -                | -                   |
| <b>Total non-derivative liabilities</b>  | <b>10,509.26</b>   | <b>4,335.05</b>  | <b>9,676.90</b>     |

### C. Market Risk

The Company has foreign currency borrowings in the form of buyers credit and is exposed to change in the exchange rates. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (₹). The risk is measured through a forecast of highly probable foreign currency cash flows.

#### (i) Foreign currency risk

##### Foreign currency risk exposure:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

₹ in million

|  | March 31, 2018  | March 31, 2017  |
|--|-----------------|-----------------|
| Trade receivables                                    | 51.75           | 46.09           |
| Advance to vendors                                   | 3.90            | -               |
| <b>Financial assets (A)</b>                          | <b>55.65</b>    | <b>46.09</b>    |
| Buyer's credit                                       | 4,387.14        | 3,874.44        |
| Payable to vendors for property, plant and equipment | 2,352.83        | 3,175.18        |
| <b>Financial liabilities (B)</b>                     | <b>6,739.97</b> | <b>7,049.62</b> |
| <b>Net exposure (B-A)</b>                            | <b>6,684.32</b> | <b>7,003.53</b> |

#### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

₹ in million

|  | Impact on loss after tax |                |
|--|--------------------------|----------------|
|  | March 31, 2018           | March 31, 2017 |
| (₹)/USD and (₹)/EURO increased by 5% (previous year (₹)/USD increased by 5%) | (334.22)                 | (350.18)       |
| (₹)/USD and (₹)/EURO decreased by 5% (previous year (₹)/USD decreased by 5%) | 334.22                   | 350.18         |

#### (ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

##### (a) Interest rate risk exposure

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At March 31 the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates.

₹ in million

|                          | March 31, 2018   | March 31, 2017   |
|--------------------------|------------------|------------------|
| Variable rate borrowings | 14,481.74        | 13,705.27        |
| Fixed rate borrowings    | -                | -                |
| <b>Total borrowings</b>  | <b>14,481.74</b> | <b>13,705.27</b> |

**(b) Sensitivity**

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

₹ in million

|  | Impact on loss after tax |                |
|--|--------------------------|----------------|
|  | March 31, 2018           | March 31, 2017 |
| Interest rates - increase by 100 basis points (March 31, 2017 100 bps) | 144.82                   | 137.05         |
| Interest rates - decrease by 100 basis points (March 31, 2017 100bps)  | (144.82)                 | (137.05)       |

**40 RELATED PARTY TRANSACTIONS**
**(i) Promoter and Promoter Group\*\***

Dr. Subhash Chandra

Direct Media Solutions LLP (formerly known as Direct Media Solutions Private Limited)

Digital Satellite Media &amp; Broadband Private Limited

Arrow Media &amp; Broadband Private Limited

**(ii) Enterprises owned or significantly influenced by Promoter/Promoter Group\*\***

Zee Entertainment Enterprises Limited

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

Zee Turner Limited

**(iii) Associate companies**

Siti Chhattisgarh Multimedia Private Limited (Associate of Siti Bhatia Network Entertainment Private Limited)

Voice Snap Services Private Limited w.e.f. September 19, 2016 (Associate of Variety Entertainment Private Limited)

**(iv) Joint ventures**

C&amp;S Medianet Private Limited w.e.f. May 05, 2016

Wire and Wireless Tisai Satellite Limited

**(v) Key Management Personnel (KMP)**

Mr. V.D. Wadhwa, Executive Director and Chief Executive Officer (till June 05, 2017)

Mr. Sidharth Balakrishna, Whole Time Director w.e.f. July 01, 2017

Mr. Anil Jain, Head - Finance and Accounts (till September 09, 2017)

Mr. Sanjay Berry, Chief Financial Officer (resigned on April 28, 2017, has been re-appointed w.e.f. September 01, 2017)

Mr. Sureshkumar Agarwal, Independent Director (till October 26, 2017)

Mr. B.K. Syngal, Independent Director

Mr. Vinod Kumar Bakshi, Independent Director

Ms. Kavita Kapahi, Independent Director

Mr. Sandeep Khurana, Independent Director (till November 03, 2017)

Prof. Sunil Kumar Maheshwari, Independent Director w.e.f. November 03, 2017

**(vi) Relatives of KMP\*\***

Mrs. Shiela Wadhwa

Mrs. Renu Wadhwa

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

All India Digital Cable Federation

Insight Financial Services Private Limited

\*\* With whom the Company has transactions during the current year and previous year.

### 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 of goods and services during the year

##### Enterprises owned or significantly influenced by Promoter/Promoter Group

₹ in million

|  | March 31, 2018 | March 31, 2017 |
|--|----------------|----------------|
| Zee Entertainment Enterprises Limited                              | 263.30         | 272.00         |
| Zee Media Corporation Limited (formerly known as Zee News Limited) | 95.18          | 95.18          |

#### b) Purchase of goods and services during the year

₹ in million

|   | March 31, 2018 | March 31, 2017 |
|---|----------------|----------------|
| <b>Enterprises owned or significantly influenced by Promoter/Promoter Group</b> |                |                |
| Zee Entertainment Enterprises Limited   | 639.61         | 5.39           |
| Zee Media Corporation Limited   | -              | 2.55           |
| <b>Enterprises owned or significantly influenced by KMP or their relatives</b>  |                |                |
| All India Digital Cable Federation  | 2.01           | -              |
| Insight Financial Services Private Limited                                      | 4.20           | 8.87           |

#### c) Balance at the end of year subsidiaries

₹ in million

|   | March 31, 2018 | March 31, 2017 |
|---|----------------|----------------|
| <b>Jointly ventures</b>   |                |                |
| Wire and Wireless Tisai Satellite Limited                                       | 37.96          | 37.83          |
| <b>Enterprises owned or significantly influenced by Promoter/Promoter Group</b> |                |                |
| <b>Trade receivables</b>  |                |                |
| Zee Entertainment Enterprises Limited   | 133.83         | 113.78         |
| Zee Media Corporation Limited   | 45.00          | 99.38          |
| <b>Trade payables</b>   |                |                |
| Zee Entertainment Enterprises Limited   | 601.73         | 3.08           |
| Zee Turner Limited  | 293.66         | 280.94         |
| Zee Media Corporation Limited   | 15.96          | 15.96          |
| <b>Security deposit given</b>   |                |                |
| Zee Turner Limited  | 12.72          | 13.15          |

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

|   | Expenditure paid by the Company on behalf of the others |                | Expenditure paid by others on behalf of the Company |                |
|---|---|----------------|---|----------------|
|   | March 31, 2018  | March 31, 2017 | March 31, 2018                                      | March 31, 2017 |
| <b>Jointly ventures</b>   |   |                |   |                |
| Wire and Wireless Tisai Satellite Limited   | 0.13  | 0.04           | -   | -              |
| <b>Enterprises owned or significantly influenced by key management personnel or their relatives</b> |   |                |   |                |
| Zee Entertainment Enterprises Limited   | 0.12  | -              | 7.14  | 10.06          |

**e) Advances given and repayment thereof**

₹ in million

|  |                | <b>Advances given</b> | <b>Repayment/ Adjustments</b> | <b>Balance owed by related parties</b> |
|--|----------------|-----------------------|-------------------------------|--|
| <b>Enterprises owned or significantly influenced by KMP or their relatives</b> |                |                       |                               |  |
| All India Digital Cable Federation   | March 31, 2018 | -                     | 0.63                          | -                                      |
|  | March 31, 2017 | 4.11                  | 6.51                          | 0.63                                   |

**f) Money received against preferential allotment**

₹ in million

|   | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
|---|-----------------------|-----------------------|
| Arrow Media & Broadband Private Limited (allotment of warrants) | -                     | 1,500.00              |

**g) Equity share capital issued on conversion of warrants and optionally fully convertible debentures**

₹ in million

|   | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
|---|-----------------------|-----------------------|
| Digital Satellite Media & Broadband Private Limited | -                     | 722.00                |
| Arrow Media & Broadband Private Limited             | -                     | 2,000.00              |

**h) Remuneration to KMP**

₹ in million

|                            | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
|----------------------------|-----------------------|-----------------------|
| Mr. V.D. Wadhwa            | 1.95                  | 21.94                 |
| Mr. Siddhartha Balakrishna | 3.63                  | -                     |
| Mr. Anil Jain              | 5.03                  | 5.82                  |
| Mr. Sanjay Berry           | 6.59                  | -                     |

**i) Compensated absences**

₹ in million

|                            | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
|----------------------------|-----------------------|-----------------------|
| Mr. V.D. Wadhwa            | 1.80                  | 1.64                  |
| Mr. Siddhartha Balakrishna | 0.20                  | -                     |
| Mr. Anil Jain              | 0.42                  | 0.28                  |
| Mr. Sanjay Berry           | 0.08                  | -                     |

**j) Director sitting fees**

₹ in million

|                              | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
|------------------------------|-----------------------|-----------------------|
| Mr. B.K. Syngal              | 0.42                  | 0.30                  |
| Mr. Vinod Kumar Bakshi       | 0.48                  | 0.54                  |
| Ms. Kavita Kapahi            | 0.24                  | 0.06                  |
| Mr. Sureshkumar Agarwal      | 0.20                  | 0.08                  |
| Prof. Sunil Kumar Maheshwari | 0.06                  | -                     |

**k) Purchase of services**

₹ in million

|                  | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
|------------------|-----------------------|-----------------------|
| Relatives of KMP | 2.69                  | 6.24                  |

**l) Corporate guarantee given by**

₹ in million

|                                       | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
|---------------------------------------|-----------------------|-----------------------|
| Zee Entertainment Enterprises Limited | 867.00                | 870.00                |

**m)** Direct Media Solutions LLP (formerly known as Direct Media Solutions Private Limited), a stakeholder of the Company, has provided financial support as is necessary to enable the Company to fulfil all its obligations incurred in foreseeable future, atleast upto and including March 31, 2021, to enable it to continue as a going concern until such time period.

**41 CAPITAL AND OTHER COMMITMENTS**

Estimated amount of contracts remaining to be executed and not provided for (net of advances) amounting to ₹ 210.54 million (Previous year ₹ 1019.55 million).

**42** Previous year's amounts have been regrouped wherever deemed appropriate.

**43 CONTINGENT LIABILITIES**

- i) Claims against the Group not acknowledged as debts ₹ 223.11 million\* (Previous year ₹ 33.52 million).
- ii) Demands raised by the statutory authorities being contested by the Group:

₹ in million

|                          | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
|--------------------------|-----------------------|-----------------------|
| Service tax matters*     | 129.70                | 129.70                |
| VAT/Sales Tax matters*   | 124.48                | 231.63                |
| Other statutory matters* | 78.54                 | 52.14                 |
|                          | <b>332.72</b>         | <b>413.47</b>         |

- iii) In case of ICNCL, counter bank guarantees in respect of outstanding bank guarantees and fixed deposit pledged ₹ 21.88 million (Previous year ₹ 21.67 million).

\* excludes pending cases/litigations including ones with business associates/statutory authorities where the management believes that no material liability will devolve on the Company in respect of these litigations or where amount of liability is not ascertainable.

**44 UNHEDGED FOREIGN CURRENCY EXPOSURE**

Particulars of unhedged foreign currency exposure as at reporting date:

|  | <b>March 31, 2018</b> |                    |                     | <b>March 31, 2017</b> |                    |                     |
|--|-----------------------|--------------------|---------------------|-----------------------|--------------------|---------------------|
|  | <b>EURO million</b>   | <b>USD million</b> | <b>₹ in million</b> | <b>EURO million</b>   | <b>USD million</b> | <b>₹ in million</b> |
| Trade receivables for carriage income                  | -                     | 0.80               | 51.75               | -                     | 0.71               | 46.09               |
| Advance to vendor                                      | -                     | 0.06               | 3.90                | -                     | -                  | -                   |
| Payables for purchase of property, plant and equipment | 7.71                  | 26.61              | 2,352.83            | -                     | 48.97              | 3,175.18            |
| Buyers' credit (Secured loan)                          | 0.76                  | 66.51              | 4,387.14            | -                     | 59.75              | 3,874.44            |

\* Closing rate as at March 31, 2018: 1 USD = ₹ 65.04 (previous year: 1 USD = ₹ 64.84); 1 EURO = ₹ 80.62 (previous year: 1 EURO = ₹ 69.25)

**45** 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 the subsidiary's income from cable TV services. The subsidiary company has filed an application before the Hon'ble West Bengal Taxation Tribunal on July 15, 2003, seeking, inter alia, that the aforesaid order be set aside. The Hon'ble West Bengal Taxation Tribunal by its order dated August 1, 2003 has directed that pending disposal of the application, assessment proceedings may continue but that no demand notice will be issued. The matter had come for hearing on several occasions but has been adjourned, pending State's submissions. In view of the fact that neither assessment proceedings have been completed nor demand notice has been issued, the alleged liability for Sales tax cannot be ascertained. Consequently no liability on account of sales tax has been recognised by the subsidiary company in the books of accounts.

#### **46 AUTHORISATION OF FINANCIAL STATEMENTS**

These consolidated financial statements for the year ended March 31, 2018 (including comparatives) were approved by the board of directors on May 17, 2018.

#### **47 UTILISATION OF PROCEEDS FROM PREFERENTIAL ALLOTMENT**

The Holding Company had issued 142,857,142 warrants at ₹ 35 per warrant during the year 2015-16. The Holding Company had also issued Optionally Fully Convertible Debenture (OFCD) 51,428,571 each at ₹ 35 per OFCD during the year 2015-16. Given below are the details of utilisation of proceeds raised through preferential issue.

|  | ₹ in million          |                       |
|--|-----------------------|-----------------------|
|  | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
| Unutilised amount at the beginning of the year | 477.16                | 1,090.49              |
| Add: Amount received during the year           | -                     | 1,500.00              |
| Less: Amount utilised during the year          |                       |                       |
| Repayments of debts of the Company             | 477.16                | 1,588.49              |
| Capital expenditure                            | -                     | 24.84                 |
| Working capital requirement                    | -                     | 500.00                |
| Unutilised amount at the end of the year       | <b>-</b>              | <b>477.16</b>         |

Since the money is fungible, utilisation had been linked with the payment made from a common bank account post transfer of fund from the bank account separately maintained for the receipt of preferential allotment proceeds.

#### **48 CAPITAL MANAGEMENT**

##### **Risk Management**

The Group's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth. The Group's overall strategy remains unchanged from previous year. The Group sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirements are met through a mixture of equity, internal fund generation and other non-current borrowings. The Group's policy is to use current and non-current borrowings to meet anticipated funding requirements. The Group monitors capital on the basis of the gearing ratio which is net debt divided by total capital (equity plus net debt). The Group is not subject to any externally imposed capital requirements. Net debt are non-current and current borrowings as reduced by cash and cash equivalents, other bank balances and current investments. Equity comprises all components including other comprehensive income.

|   | ₹ in million          |                       |
|---|-----------------------|-----------------------|
| <b>Particulars</b>  | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
| Cash and cash equivalents (refer note 12)                       | 935.31                | 1,706.56              |
| Other bank balances   | 325.52                | -                     |
| Current investments (refer note 13)                             | -                     | 4.40                  |
| Margin money (refer note 8)                                     | 676.28                | 874.09                |
| <b>Total cash (A)</b>   | <b>1,937.11</b>       | <b>2,585.05</b>       |
| Borrowings (non-current, financial liabilities) (refer note 17) | 5,714.95              | 10,242.70             |
| Borrowings (current, financial liabilities) (refer note 22)     | 1,533.03              | 115.26                |
| Current maturities of long-term borrowings (refer note 24)      | 6,929.14              | 3,113.21              |
| Current maturities of finance lease obligations (refer note 24) | 14.60                 | 14.39                 |
| <b>Total borrowing (B)</b>                                      | <b>14,191.73</b>      | <b>13,485.56</b>      |



₹ in million

| Particulars                                   | March 31, 2018   | March 31, 2017   |
|---|------------------|------------------|
| <b>Net debt (C=B-A)</b>                       | <b>12,254.62</b> | <b>10,900.51</b> |
| Total equity                                  | 3,429.96         | 5,373.28         |
| <b>Total capital (equity + net debts) (D)</b> | <b>15,684.60</b> | <b>16,273.80</b> |
| <b>Gearing ratio (C/D)</b>                    | <b>0.78</b>      | <b>0.67</b>      |

#### 49 ASSETS PLEDGED AS SECURITY

The carrying amount of assets pledged as security are:

₹ in million

|  | March 31, 2018   | March 31, 2017   |
|--|------------------|------------------|
| <b>Current assets</b>  |                  |                  |
| a) Inventories   | 143.96           | 92.43            |
| b) Financial assets  |                  |                  |
| i) Trade receivables   | 6,068.68         | 5,949.73         |
| ii) Cash and cash equivalents  | 600.07           | 1,137.13         |
| iii) Investments   | -                | 4.40             |
|  | <b>6,812.71</b>  | <b>7,183.69</b>  |
| <b>Non-current assets</b>  |                  |                  |
| a) Property, plant and equipment   | 12,477.12        | 10,216.15        |
| b) Capital work-in-progress  | 818.25           | 2,033.91         |
| c) Investment property   | 669.21           | -                |
| d) Other intangible assets   | 1,376.03         | 1,087.10         |
| e) Intangible assets under development                                   | 73.37            | 180.91           |
| f) Financial assets  |                  |                  |
| i) Margin money deposit (pledged) and deposit with statutory authorities | 655.07           | 855.55           |
|  | <b>16,069.05</b> | <b>14,373.62</b> |
| <b>Total assets</b>  | <b>22,881.76</b> | <b>21,557.31</b> |

#### 50 INFORMATION UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013

There are no investments or loan given or guarantee provided or security given by the Group other than the investments and loans in these consolidated financial statements, which have been made predominantly for the purpose of business.

**51** Additional information, as required to Consolidated Financial Statements pursuant to Schedule III to the Companies Act, 2013.  
**For the Financial year March 31, 2018**

|  | Net assets i.e., total assets minus total liabilities |            | Share of profit or loss             |            | Share in other comprehensive income |        | Total      |
|--|---|------------|-------------------------------------|------------|-------------------------------------|--------|------------|
|  | As % of consolidated net assets                       | Amount     | As % of consolidated profit or loss | Amount     | As % of consolidated profit or loss | Amount |            |
| SITI Networks Limited (formerly SITI Cable Network Limited)  | 70%   | 3,194.15   | 121.00%                             | (2,055.77) | 44.18%                              | 1.73   | (2,054.04) |
| <b>Subsidiaries</b>  |   |            |                                     |            |                                     |        |            |
| Indian Cable Net Company Limited (consolidated)  | 88%   | 4,019.10   | -13.51%                             | 229.53     | 38.64%                              | 1.51   | 231.04     |
| Central Bombay Cable Network Limited (consolidated)  | 0%  | 15.74      | -0.33%                              | 5.67       | 8.01%                               | 0.31   | 5.98       |
| Siticable Broadband South Limited  | 0%  | (17.87)    | 0.09%                               | (1.57)     | 0.00%                               | -      | (1.57)     |
| Siti Vision Digital Media Private Limited  | -1%   | (34.86)    | -3.87%                              | 65.83      | 0.00%                               | -      | 65.83      |
| Siti Jind Digital Media Communications Private Limited   | 0%  | (7.86)     | 0.04%                               | (0.62)     | 0.00%                               | -      | (0.62)     |
| Siti Jai Maa Durgee Communications Private Limited   | -2%   | (72.43)    | 0.01%                               | (0.16)     | 0.00%                               | -      | (0.16)     |
| Siti Bhatia Network Entertainment Private Limited  | -1%   | (36.75)    | -0.25%                              | 4.25       | 0.00%                               | -      | 4.25       |
| Siti Jony Digital Cable Network Private Limited  | 0%  | (1.12)     | 0.00%                               | (0.06)     | 0.00%                               | -      | (0.06)     |
| Siti Krishna Digital Media Private Limited   | 0%  | 2.81       | -0.01%                              | 0.13       | 0.00%                               | -      | 0.13       |
| Siti Faction Digital Private Limited   | 0%  | (16.81)    | 0.12%                               | (1.98)     | 0.00%                               | -      | (1.98)     |
| Siti Guntur Digital Network Private Limited  | 0%  | 16.78      | 0.07%                               | (1.15)     | 0.00%                               | -      | (1.15)     |
| Siti Karnal Digital Media Network Private Limited  | -1%   | (23.35)    | 0.09%                               | (1.49)     | 0.00%                               | -      | (1.49)     |
| Siti Global Private Limited  | 0%  | (6.81)     | 0.00%                               | (0.01)     | 0.00%                               | -      | (0.01)     |
| Siti Siri Digital Network Private Limited (formerly Siri Digital Network Private Limited)                            | -1%   | (62.89)    | -0.15%                              | 2.47       | 1.76%                               | 0.07   | 2.54       |
| Siti Broadband Services Private Limited  | -6%   | (263.02)   | 13.44%                              | (228.31)   | 0.00%                               | -      | (228.31)   |
| Siti Prime Uttaranchal Communication Private Limited   | 0%  | 19.26      | -0.01%                              | 0.19       | 0.00%                               | -      | 0.19       |
| Siti Sagar Digital Cable Network Private Limited (formerly Panchsheel Digital Communication Network Private Limited) | 0%  | (2.97)     | -0.06%                              | 0.95       | 0.00%                               | -      | 0.95       |
| Siti Godaari Digital Services Private Limited (formerly Bargachh Digital Communication Network Private Limited)      | 0%  | (4.89)     | 0.18%                               | (3.07)     | 0.00%                               | -      | (3.07)     |
| Siti Saistar Digital Media Private Limited (formerly Saistar Digitalmedia Private Limited)                           | -1%   | (59.99)    | 2.06%                               | (34.93)    | 0.00%                               | -      | (34.93)    |
| Variety Entertainment Private Limited  | 0%  | (11.50)    | -0.42%                              | 7.13       | 0.00%                               | -      | 7.13       |
| Minority interest in all subsidiaries  | 25%   | 1,160.33   | -14.10%                             | 239.60     | 7.42%                               | 0.29   | 239.89     |
| Intra-group eliminations   | -70%  | (3,214.76) | -4.38%                              | 74.40      | 0.00%                               | -      | 74.40      |

₹ in million

**For the Financial year March 31, 2017**

|  | Net assets i.e., total assets minus total liabilities |            | Share of profit or loss             |            | Share in other comprehensive income |        | Share in other total comprehensive income |            |
|--|---|------------|-------------------------------------|------------|-------------------------------------|--------|---|------------|
|  | As % of consolidated net assets                       | Amount     | As % of consolidated profit or loss | Amount     | As % of consolidated profit or loss | Amount | As % of consolidated profit or loss       | Total      |
| SITI Networks Limited (formerly Siti Cable Network Limited)  | 118%  | 5,257.47   | 98.80%                              | (1,864.72) | 58.46%                              | 1.31   | 99%                                       | (1,866.03) |
| <b>Subsidiaries</b>  |   |            |                                     |            |                                     |        |   |            |
| Indian Cable Net Company Limited (consolidated)  | 82%   | 3,633.10   | -10.93%                             | 206.23     | 41.54%                              | 0.94   | -11%                                      | 205.30     |
| Central Bombay Cable Network Limited (consolidated)  | 0%  | 9.77       | -0.08%                              | 1.51       | 0.00%                               | -      | 0%  | 1.51       |
| Siticable Broadband South Limited  | 0%  | (16.31)    | 0.25%                               | (4.71)     | 0.00%                               | -      | 0%  | (4.71)     |
| Siti Vision Digital Media Private Limited  | -4%   | (163.32)   | 2.60%                               | (49.07)    | 0.00%                               | -      | 3%  | (49.07)    |
| Siti Jind Digital Media Communications Private Limited   | 0%  | (6.78)     | 0.08%                               | (1.47)     | 0.00%                               | -      | 0%  | (1.47)     |
| Siti Jai Maa Durgee Communications Private Limited   | -2%   | (72.13)    | 0.41%                               | (7.74)     | 0.00%                               | -      | 0%  | (7.74)     |
| Siti Bhatia Network Entertainment Private Limited  | -1%   | (45.09)    | 0.83%                               | (15.71)    | 0.00%                               | -      | 1%  | (15.71)    |
| Siti Jony Digital Cable Network Private Limited  | 0%  | (1.00)     | 0.00%                               | 0.04       | 0.00%                               | -      | 0%  | 0.04       |
| Siti Krishna Digital Media Private Limited   | 0%  | 2.55       | -0.09%                              | 1.74       | 0.00%                               | -      | 0%  | 1.74       |
| Siti Faction Digital Private Limited   | 0%  | (12.93)    | 0.07%                               | (1.26)     | 0.00%                               | -      | 0%  | (1.26)     |
| Siti Guntur Digital Network Private Limited  | 0%  | 18.33      | 0.02%                               | (0.39)     | 0.00%                               | -      | 0%  | (0.39)     |
| Siti Karnal Digital Media Network Private Limited  | 0%  | (20.43)    | -1.01%                              | 19.01      | 0.00%                               | -      | -1%                                       | 19.01      |
| Siti Global Private Limited  | 0%  | (6.80)     | -0.01%                              | 0.22       | 0.00%                               | -      | 0%  | 0.22       |
| Siti Siri Digital Network Private Limited (formerly Siri Digital Network Private Limited)                            | -2%   | (67.86)    | 0.84%                               | (15.91)    | 0.00%                               | -      | 1%  | (15.91)    |
| Siti Broadband Services Private Limited  | -1%   | (34.64)    | 2.08%                               | (39.22)    | 0.00%                               | -      | 2%  | (39.22)    |
| Siti Prime Uttaranchal Communication Private Limited   | 0%  | 18.89      | -0.01%                              | 0.15       | 0.00%                               | -      | 0%  | 0.15       |
| Siti Sagar Digital Cable Network Private Limited (formerly Panchsheel Digital Communication Network Private Limited) | 0%  | (4.83)     | -0.06%                              | 1.07       | 0.00%                               | -      | 0%  | 1.07       |
| Siti Godaari Digital Services Private Limited (formerly Bargachh Digital Communication Network Private Limited)      | 0%  | 1.14       | 0.07%                               | (1.41)     | 0.00%                               | -      | 0%  | (1.41)     |
| Siti Saistar Digital Media Private Limited (formerly Saistar Digitalmedia Private Limited)                           | 0%  | 8.50       | -1.68%                              | 31.77      | 0.00%                               | -      | -2%                                       | 31.77      |
| Variety Entertainment Private Limited  | 0%  | (21.05)    | 0.02%                               | (0.37)     | 0.00%                               | -      | 0%  | (0.37)     |
| Minority interest in all subsidiaries  | -21%  | (920.44)   | 4.93%                               | (92.98)    | 0.00%                               | -      | 5%  | (92.98)    |
| Intra-group eliminations   | -70%  | (3,103.29) | 2.87%                               | (54.13)    | 0.00%                               | -      | 3%  | (54.13)    |

**52 INVESTMENT IN JOINT VENTURE AND ASSOCIATE**

₹ in million

| Summarised balance sheet  | March 31, 2018 |                               |                                     | March 31, 2017 |                              |                                     |
|---|----------------|-------------------------------|-------------------------------------|----------------|------------------------------|-------------------------------------|
|   | WWTSL*         | C&S Medianet Private Limited* | Voice Snap Services Private Limited | WWTSL*         | C&S Medianet Private Limited | Voice Snap Services Private Limited |
| <b>Current assets</b>   |                |                               |                                     |                |                              |                                     |
| Cash and cash equivalents                                       | -              | 0.21                          | 1.49                                | -              | 0.07                         | 10.48                               |
| Other assets  | -              | 2.90                          | 23.42                               | -              | 0.06                         | 14.87                               |
|   | <b>-</b>       | <b>3.11</b>                   | <b>24.91</b>                        | <b>-</b>       | <b>0.13</b>                  | <b>25.35</b>                        |
| <b>Non-current assets</b>                                       | 3.36           | -                             | 44.04                               | 10.13          | -                            | 45.64                               |
| <b>Current liabilities</b>                                      |                |                               |                                     |                |                              |                                     |
| Financial liabilities (excluding trade payables and provisions) | -              | -                             | 16.18                               | -              | -                            | 17.05                               |
| Other liabilities   | 0.03           | 3.79                          | 7.00                                | 0.04           | 0.03                         | -                                   |
|   | <b>0.03</b>    | <b>3.79</b>                   | <b>23.18</b>                        | <b>0.04</b>    | <b>0.03</b>                  | <b>17.05</b>                        |
| <b>Non-Current liabilities</b>                                  |                |                               |                                     |                |                              |                                     |
| Financial liabilities (excluding trade payables and provisions) | 102.62         | -                             | -                                   | 108.46         | -                            | 5.67                                |
| Other liabilities   | -              | -                             | 6.21                                | -              | -                            | 0.25                                |
|   | <b>102.62</b>  | <b>-</b>                      | <b>6.21</b>                         | <b>108.46</b>  | <b>-</b>                     | <b>5.93</b>                         |
| <b>Net assets</b>   | <b>(99.29)</b> | <b>(0.68)</b>                 | <b>39.56</b>                        | <b>(98.37)</b> | <b>0.10</b>                  | <b>48.02</b>                        |
| <b>Ownership interest</b>                                       | <b>51.00%</b>  | <b>48.00%</b>                 | <b>35.26%</b>                       | <b>51.00%</b>  | <b>48.00%</b>                | <b>32.34%</b>                       |
| <b>Carrying amount of interest</b>                              | <b>-</b>       | <b>-</b>                      | <b>39.82</b>                        | <b>-</b>       | <b>0.05</b>                  | <b>38.49</b>                        |
| Proportionate share in net assets less securities premium       |                |                               | (9.13)                              |                |                              | (4.46)                              |
| Add securities premium  |                |                               | 48.95                               |                |                              | 42.95                               |
| <b>Carrying amount of interest</b>                              |                |                               | <b>39.82</b>                        |                |                              | <b>38.49</b>                        |

\*The carrying amount of interest has been restricted to ₹ nil million on account of losses.

₹ in million

| Summarised statement of profit and loss | March 31, 2018 |                               |                                     | March 31, 2017 |                              |                                     |
|---|----------------|-------------------------------|-------------------------------------|----------------|------------------------------|-------------------------------------|
|   | WWTSL*         | C&S Medianet Private Limited* | Voice Snap Services Private Limited | WWTSL*         | C&S Medianet Private Limited | Voice Snap Services Private Limited |
| Revenue                                 | -              | 3.00                          | 88.27                               | -              | -                            | 47.21                               |
| Other income                            | -              | -                             | 0.18                                | -              | -                            | 0.36                                |
| Depreciation and amortisation           | 0.82           | -                             | 4.22                                | 2.13           | -                            | 2.68                                |
| Finance cost                            | -              | -                             | 0.01                                | -              | -                            | 0.08                                |
| Other expenses                          | 0.10           | 3.73                          | 97.30                               | 0.09           | -                            | 46.73                               |
| Income tax expense or income            | -              | -                             | 0.19                                | -              | -                            | 0.91                                |
| <b>Loss from operations</b>             | <b>(0.92)</b>  | <b>(0.73)</b>                 | <b>(13.27)</b>                      | <b>(2.22)</b>  | <b>-</b>                     | <b>(2.84)</b>                       |
| Post tax loss from operations           | (0.92)         | (0.73)                        | (13.27)                             | (2.22)         | -                            | (2.84)                              |
| Other comprehensive income              | -              | -                             | -                                   | -              | -                            | -                                   |
| Total comprehensive income              | (0.92)         | (0.73)                        | (13.27)                             | (2.22)         | -                            | (2.84)                              |
| <b>Ownership interest</b>               | <b>51.00%</b>  | <b>48.00%</b>                 | <b>35.26%</b>                       | <b>51%</b>     | <b>48.00%</b>                | <b>32.34%</b>                       |

### 53 TAX EXPENSE

The major components of income tax for the year are as under:

₹ in million

|  | March 31, 2018 | March 31, 2017 |
|--|----------------|----------------|
| <b>Income tax related to items recognised directly in the statement of profit and loss</b> |                |                |
| Current tax - current year   | 72.78          | 103.55         |
| Deferred tax charge  | 44.99          | 89.09          |
| <b>Total</b>   | <b>117.77</b>  | <b>192.64</b>  |
| Effective tax rate   | 34.61%         | 34.61%         |

**A reconciliation of the income tax expense applicable to the profit before income tax at statutory rate to the income tax expense at the Company's effective income tax rate for the year ended March 31, 2018 and March 31, 2017 is as follows:**

₹ in million

|   | March 31, 2018 | March 31, 2017 |
|---|----------------|----------------|
| Loss before tax   | (1,581.20)     | (1,399.35)     |
| Effective tax rate  | 34.61%         | 34.61%         |
| Tax at statutory income tax rate                                  | (547.25)       | (484.31)       |
| Tax effect on non-deductible expenses                             | 353.60         | 306.75         |
| Additional allowances for tax purposes                            | (428.91)       | (332.95)       |
| Effect of tax on group companies incurring losses                 | (682.80)       | (686.85)       |
| Effect of tax rate difference of subsidiaries                     | 14.53          | 14.28          |
| Other permanent difference  | 43.00          | 2.02           |
| <b>Tax expense recognised in the statement of profit and loss</b> | <b>117.77</b>  | <b>192.64</b>  |

**54** The Group predominantly operates in a single business segment of cable distribution in India only. Hence there are no separately reportable business or geographical segments as per Indian Accounting Standard ('Ind AS') 108 on Operating Segments. Further the Holding Company, its subsidiaries, its associates and its joint venture also predominantly operate in a single business segment of cable and broadband distribution in India only. Hence the Group has no separately reportable business or geographical segments as per Ind AS 108. The aforesaid is in line with the way operating results are reviewed and viewed by the chief operating decision maker(s).

### 55 PARTICULARS OF DONATIONS MADE TO POLITICAL PARTIES:

₹ in million

|                        | March 31, 2018 | March 31, 2017 |
|------------------------|----------------|----------------|
| Bharatiya Janata Party | -              | 7.50           |

**56** In accordance with the provisions of section 135 of the Companies Act, 2013, the Board of Directors of the subsidiary company had constituted a Corporate Social Responsibility ('CSR') Committee. The subsidiary company has incurred expenses aggregating to ₹ 4.10 million (previous year ₹ 9.90 million) for CSR activities.

₹ in million

|  | March 31, 2018 | March 31, 2017 |
|--|----------------|----------------|
| a) Gross amount required to be spent by the subsidiary company during the year | 4.10           | 9.90           |
| b) Amount spent during the year on the following                               |                |                |
| 1. Construction / Acquisition of any asset                                     | -              | -              |
| 2. On purpose other than 1 above   | 4.10           | 9.90           |

**57** Exceptional item for the year ended March 31, 2018 represents amount incurred towards settlement as a one time cost towards restructuring of the operations to improve efficiencies.

Further, the Group had recognised certain receivables in prior years pertaining to billings done on estimation (net) basis. The Company had reached further negotiations with the customers and had accordingly written off such old receivables based on management's best estimates, which have been disclosed as exceptional items during the year ended March 31, 2018 and March 31, 2017 respectively.

## **58 POST REPORTING DATE EVENTS**

No adjusting or significant non-adjusting events have occurred between March 31, 2018 and the date of authorisation of these Consolidated financial statements.

This is the Summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

**Sumit Mahajan**  
Partner  
Membership No.: 504822

Place: Gurugram  
Date: May 17, 2018

For and on behalf of the Board of Directors of  
**SITI Networks Limited (formerly SITI Cable Network Limited)**

**B.K. Syngal**  
Independent Director

**Sanjay Berry**  
Chief Financial Officer

**Vinod Kumar Bakshi**  
Independent Director

**Suresh Kumar**  
Company Secretary







## **SITI NETWORKS LIMITED**

(Formerly known as Siti Cable Network Limited)

Regd. Office: Unit No. 38, 1<sup>st</sup> Floor, A Wing, Madhu Industrial Estate, Pandurang Budhkar Marg, Worli, Mumbai- 400013

Tel.: +91 22 43605555 Email:- [csandlegal@siti.esselgroup.com](mailto:csandlegal@siti.esselgroup.com)

CIN:- L64200MH2006PLC160733 Website : [www.sitinetworks.com](http://www.sitinetworks.com)

### **ATTENDANCE SLIP**

#### **12<sup>th</sup> Annual General Meeting**

I/We hereby record my/our presence at the 12<sup>th</sup> Annual General Meeting of the Company at  
The Orchid, 70-C, Nehru Road, Near Mumbai Domestic Airport, Vile Parle (E), Mumbai, Maharashtra – 400099  
on Tuesday, the 25<sup>th</sup> day of September, 2018 at 3:00 p.m.

\_\_\_\_\_  
Name of Shareholder/ Proxy: (IN BLOCK LETTERS)

\_\_\_\_\_  
Signature of Shareholder/Proxy

Folio No. \_\_\_\_\_

Client ID# \_\_\_\_\_

D.P.I.D. \_\_\_\_\_

No. of Shares: \_\_\_\_\_

# (Applicable for shareholders holding shares in dematerialised form)





## SITI NETWORKS LIMITED

(Formerly known as Siti Cable Network Limited)

Regd. Office: Unit No. 38, 1<sup>st</sup> Floor, A Wing, Madhu Industrial Estate, Pandurang Budhkar Marg, Worli, Mumbai- 400013

Tel.: +91 22 43605555 Email:- [csandlegal@siti.esselgroup.com](mailto:csandlegal@siti.esselgroup.com)

CIN:- L64200MH2006PLC160733 Website : [www.sitinetworks.com](http://www.sitinetworks.com)

### PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management Administration) Rules, 2014)

#### 12<sup>th</sup> Annual General Meeting

Name of Member(s) : .....  
Registered address : .....  
E-mail : .....

Folio No./DP ID No./ Client ID No.:.....

I/We, being the member(s) holding..... Equity Shares of Siti Networks Limited, hereby appoint

1. Name:..... E-mail Id:.....

Address:.....

Signature:.....or failing him

2. Name:..... E-mail Id:.....

Address:.....

Signature:.....or failing him

3. Name:..... E-mail Id:.....

Address:.....

Signature:.....or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 12<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, 25<sup>th</sup> day of September, 2018 at 3.00 p.m. at The Orchid, 70-C, Nehru Road, Near Mumbai Domestic Airport, Vile Parle (E), Mumbai, Maharashtra - 400099 and at any adjournment (s) thereof in respect of such resolutions as are indicated below:

I wish my above proxy to vote in the manner as indicated in the box below:

.....

#### Resolutions

For

Against

#### Ordinary Business

1. Adoption of Audited Financial Statements of the Company prepared on a standalone and consolidated basis, for the financial year ended March 31, 2018 including the Balance Sheet, the Statement of Profit & Loss for the financial year ended on that date, and the Reports of the Auditors and Directors thereon.

#### Special Business

2. Re-appointment of Ms. Kavita Kapahi as an Independent Director of the Company for the second term.

3. Appointment of Prof. Sunil Kumar Maheshwari as an Independent Director of the Company.

4. Ratification of remuneration payable to Cost Auditor for FY 2017-18.

5. Ratification of remuneration payable to Cost Auditor for FY 2018-19.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

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 Unit No. 38, 1<sup>st</sup> Floor, A Wing, Madhu Industrial Estate, Pandurang Budhkar Marg, Worli, Mumbai 400013, not less than 48 hours before the commencement of the Meeting.**



# ROUTE MAP TO THE VENUE OF THE 12<sup>th</sup> ANNUAL GENERAL MEETING OF SITI NETWORKS LIMITED

The Orchid, 70-C, Nehru Road, Near Mumbai Domestic Airport, Vile Parle (E),  
Mumbai, Maharashtra 400099



**SITI Networks Limited**  
The Orchid, 70-C, Nehru Road









**SITI NETWORKS LIMITED**

Unit No. 38, 1<sup>st</sup> Floor, A Wing,  
Madhu Industrial Estate,  
Pandurang Budhkar Marg,  
Worli, Mumbai - 400 013

Phone No: +91-(022)-43605555  
CIN: L64200MH2006PLC160733

[www.sitinetworks.com](http://www.sitinetworks.com)

Newspaper – Nav Shakti (Marathi Edition)  
Date – September 3, 2018



सिटी नेटवर्क लिमिटेड

नोंदणीकृत कार्यालय : युनिट क्र. ३८, १ ला मजला, ए विंग, मधू इंडस्ट्रियल इस्टेट,  
फाडुंग लुपकर मार्ग, नळी, मुंबई - ४०० ०१३.  
दूरध्वनी क्र. : + ९१ २२ ४३६०५५५५, ई-मेल : csandlegal@sii.esseigroup.com  
सीआयएन : L64200MH2006PLC160733 वेबसाइट : www.sii.networks.com

सूचना

सूचना याद्वारे देण्यात येते की, सिटी नेटवर्क लिमिटेड यांच्या सभासदांनी १२ वी वार्षिक सर्वसाधारण सभा (एजीएम) मंगळवार, दि. २५ सप्टेंबर, २०१८ रोजी दु. ०३.०० वा. टी ऑबिं.ड, ७०-सी, नेहरू रोड, मुंबई डोमेस्टिक एअरपोर्टवजळ, विले पार्ले (पूर्व), मुंबई - ४०० ०१९ येथे एजीएमच्या सूचनेत विहित न्यक्सावावर विचारविनिमय करण्यासाठी आयोजित करण्यात येत आहे. वित्तीय वर्ष २०१७-१८ करिता वार्षिक अहवालासह एजीएम आयोजित सूचना सभासदांना तसेच वार्षिक सर्वसाधारण सभा, लेखापरीक्षित वित्तीय अहवाल व स्थायी वा एकवित्त आधारवरील संचालक, अहवाल व लेखापरीक्षित अहवाला वित्तीय वर्ष दि. ३१ मार्च, २०१८ रोजी संपलेले अहवाल दि. ०१ सप्टेंबर, २०१८ रोजी ईलेक्ट्रॉनिकली पाठविण्यात आली आहे. सर्व सभासदांना त्यांचे कंपनी/डिपॉझिटरी पार्टिसिपंट व प्रत्यक्ष स्वरूपात सर्व सभासदांना त्यांचे नोंदणीकृत पत्त्यांवर दि. ३१ ऑगस्ट, २०१८ रोजी परमिटेड स्वरूपात त्यांच्या नोंदणीकृत ई-मेल आयडी वर ई-मेल च्या माध्यमातून पाठविण्यात येईल व सभासदांना जे त्यांचे ई-मेल आयडी नोंदणीकृत नाही अशांना प्रत्यक्ष प्रत पाठविण्यात येईल.

सेबी (सूची अनिवार्यता व किमोचन आवश्यकता) विनियम, २०१५ च्या नियम ४४ अंतर्गत व कंपनी कायदा, २०१३ च्या अनुच्छेद १०८ व कंपनी (व्यवस्थापन व प्रशासन) नियम, २०१४ च्या नियम २० अंतर्गत सुधारित इलेक्ट्रॉनिक मतदान प्रणालीद्वारे एजीएमच्या ठिकाणान्वितरिक्त अथवा ठिकाणाहून परोक्ष ई-मतदान एजीएमच्या सूचनेत विहित ठरावांवर मत देण्याचा हक्क कंपनीने एजीएमच्या व्यवहारांवर विचारविनिमय करण्याकरिता सेंट्रल डिपॉझिटरी सर्व्हिसेस (इंडिया) लिमिटेड (सीडीएसएल) द्वारे प्रदानित इलेक्ट्रॉनिक स्वरूपात मतदान करण्याचा हक्क नजानाण्याची सुविधा उपलब्ध करून दिली आहे.

एजीएमच्या सूचनेमध्ये पार पडलेल्या व्यवसायांकरिता परोक्ष ई-मतदान सुविधा व परोक्ष ई-मतदानाचा कालावधी शुक्रवार, दि. २१ सप्टेंबर, २०१८ रोजी स. ०९.०० वा सुरु होत असून सोमवार, दि. २४ सप्टेंबर, २०१८ रोजी सायं. ५.०० वा, संपेल. मदार तारीख व वेळेपश्चात परोक्ष ई-मतदान मोड्युल सीडीएसएलद्वारे रद्द करण्यात येईल व सभासदांना त्यांना मदार तारीख व वेळेपश्चात इलेक्ट्रॉनिकली मत देण्यास परवानगी नसेल. निर्धारित अंतिम तारखेनुसार मंगळवार, दि. १८ सप्टेंबर, २०१८ रोजी परोक्ष ई-मतदान वा एजीएमच्या ठिकाणी वॉलोट पेपर च्या माध्यमातून प्रत्याक्ष वा डिपॉझिटरीलाईन्ड स्वरूपात शेअर्स धारक सभासद मतदान करता येणार नाही.

परोक्ष ई-मतदानाच्या संबंधात तपशिलाकरिता कृपया एजीएमची सूचना पाहावी. एजीएमची सूचना व वार्षिक अहवालाचा भाग कंपनीची वेबसाइट [www.sii.networks.com](http://www.sii.networks.com) तसेच सीडीएसएल वेबसाइट [www.evotingindia.com](http://www.evotingindia.com) वर उपलब्ध आहे. ई-मतदानासंदर्भातील कोणत्याही चौकशीसाठी सभासदांनी Frequently Ask Questions (FAQs) व ई-मतदान युजर मॅन्युअल वा हेल्प डेस्क [www.evotingindia.com](http://www.evotingindia.com) वरून वा सीडीएसएलवर [helpdesk.evoting@cdsindia.com](mailto:helpdesk.evoting@cdsindia.com) वर वा [csandlegal@sii.esseigroup.com](mailto:csandlegal@sii.esseigroup.com) वर लेखी विनवणी करून संपर्क साधना वा संबंधित इलेक्ट्रॉनिक मतदानाद्वारे संपर्क साधना. कोणत्याही चौकशीकरिता तसेच मतदानाचे सुविधेसह इलेक्ट्रॉनिक स्वरूपात कृपया श्री. राकेश दलवी, व्यवस्थापक, सीडीएसएल, ए विंग, २५ वा मजला, मंगेशीन फ्लोअर, मफतलाल मिल कंपाउंड, एन एम जोशी मार्ग, लोअर पार्ले (पूर्व), मुंबई - ४०० ०१३ येथे ई-मेल [helpdesk.evoting@cdsindia.com](mailto:helpdesk.evoting@cdsindia.com) वा दूर. क्र. १८००२००५५३३ वा संपर्क साधता.

एखाद्या व्यक्तीने कंपनीचे शेअर्स संपादन केलेले असल्यास व शेअर्सधारक असल्यास पोटच्या माध्यमातून वार्षिक सर्वसाधारण सभेच्या सूचनेमधील पार पडलेल्या ठरावांवर मतदान करण्याकरिता [helpdesk.evoting@cdsindia.com](mailto:helpdesk.evoting@cdsindia.com) वा [csandlegal@sii.esseigroup.com](mailto:csandlegal@sii.esseigroup.com) वर विनंती पाठवून ई-मतदानाकरिता निर्धारित तारीख दि. १८ सप्टेंबर, २०१८ रोजी लॉगिन आवडी व पासवर्ड प्राप्त करावे.

ज्या सभासदांनी सभेच्या आधी परोक्ष ई-मतदानाद्वारे आपले मत दिलेले असतील ते सभेस उपस्थित राहू शकतील, परंतु त्यांना एजीएममध्ये फुन्हा मत देता येणार नाही. सभासदांनी पोल/ वॉलोट पेपर आपला पॅन डिपॉझिटरी पार्टिसिपंट्स-कंपनीकडे अपडेट केलेला असल्यास लॉग इन आवडी व पासवर्ड नमवण्याची प्रक्रिया एजीएमच्या सूचनेत दिलेली आहे.

मदार व्यक्तींना सभेमध्ये उपस्थित राहून मतदान करता येईल व व्यक्तीरा: वा प्रॉक्सी/ वा प्राधिकृत प्रतिनिधी यांच्याद्वारे मतदान करता येईल व सर्व प्राप्तिची वॉन विहित प्रारूप/प्राधिकरणाद्वारे हस्ताक्षरित मतदान व्यक्तीरा: अधिकार करून व सभेमध्ये उपस्थित राहून करण्याकरिता सभा कंपनीचे नोंदणीकृत कार्यालय येथे सभेच्या ४८ तासांच्या आत मतदान करावे लागेल.

सूचना याद्वारे देण्यात येते की, कंपनी कायदा, २०१३ च्या अनुच्छेद ११ सहवाचन सूची विनियमाच्या विनियम ४२ अंतर्गत कंपनीच्या सभासदांचे निबंधक व शेअर ट्रान्झाफर बुक्स शुक्रवार, दि. २१ सप्टेंबर, २०१८ ते सोमवार, दि. २४ सप्टेंबर, २०१८ (दोनही दिवस समाविष्ट) दरम्यान एजीएमच्या हेतुकरिता बंद राहिल.

ठिकाण : मंगळ

सिटी नेटवर्क लिमिटेडकरिता

दिनांक : ०१.०९.२०१८

**Newspaper – Business Standard (All Edition)**  
**Date – September 3, 2018**



## **SITI NETWORKS LIMITED**

Regd. Office: Unit No. 38, 1st Floor, A Wing, Madhu Industrial Estate, Pandurang Budhkar Marg, Worli, Mumbai 400013

Tel.: +91 22 43605555 Email: [csandlegal@siti.esselgroup.com](mailto:csandlegal@siti.esselgroup.com)  
CIN: L64200MH2006PLC160733 Website: [www.sitinetworks.com](http://www.sitinetworks.com)

### **NOTICE**

**NOTICE** is hereby given that 12<sup>th</sup> Annual General Meeting (AGM) of the Equity Shareholders of Siti Networks Limited will be held on Tuesday, the 25<sup>th</sup> day of September, 2018 at 3.00 PM at The Orchid, 70-C, Nehru Road, Near Mumbai Domestic Airport, Vile Parle (E), Mumbai, Maharashtra 400099 to transact the Business, as set out in the Notice of AGM.

The Annual Report for the financial year 2017-18 comprising *inter-alia* Notice of the Annual General Meeting, Audited Financial Statements on a standalone and consolidated basis, Directors' Report & Auditor's Report for the financial year ended March 31, 2018 has been sent electronically on September 1, 2018 to all the members whose e-mail IDs are registered with the Company / Depository Participant(s) and physically to all other members at their registered address through permitted mode on August 31, 2018.

In compliances with Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, the Company is pleased to provide all its Shareholders, the facility to exercise their vote on all items of business included in the Notice of AGM electronically (remote E-voting) through E-voting facility provided by Central Depository Services (India) Limited ("CDSL").

Remote E-voting facility for all items of business contained in the Notice of AGM shall commence from Friday, the 21<sup>st</sup> day of September, 2018 at 9.00 a.m. and will end on Monday, the 24<sup>th</sup> day of September, 2018 at 5.00 p.m. Remote E-voting module shall not be allowed beyond the said date and time. The remote E-voting module shall be disabled by CDSL thereafter. During this period Equity Shareholders of the Company holding shares either in physical form or in dematerialised form as on the cut-off date of Tuesday, the 18<sup>th</sup> day of September, 2018, may cast their vote electronically.

For details relating to remote E-voting, please refer to the Notice of AGM. The Notice of AGM is available as part of Annual Report on the website of the Company at [www.sitinetworks.com](http://www.sitinetworks.com) and also on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com). In case of any query on E-voting, please refer to the Frequently Asked Questions (FAQs) and E-voting user manual for Shareholders available at the Downloads section of [www.evotingindia.com](http://www.evotingindia.com) or send email to CDSL at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or to the Company at [csandlegal@siti.esselgroup.com](mailto:csandlegal@siti.esselgroup.com). In case of any grievances connected with facility for voting by electronic means, please contact Mr. Rakesh Dalvi, Manager, CDSL, A Wing, 25<sup>th</sup> Floor, Marathon Futorex, Mafatlal Mill Compounds, NM Joshi Marg, Lower Parel (E), Mumbai – 400013, Email: [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) Tel: 18002005533.

Any person, who acquires Equity Shares of the Company after dispatch of Notice of AGM and holding shares as of the cut-off date September 18, 2018 may obtain login ID and password for E-voting by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or [csandlegal@siti.esselgroup.com](mailto:csandlegal@siti.esselgroup.com).

The Members who have cast their vote by remote E-voting prior to AGM may also attend AGM but shall not be entitled to cast their vote again. The facility for voting through poll/ ballot shall be made available at AGM and the members attending AGM who have not cast their vote by remote E-voting shall be able to vote at AGM through poll/ ballot.

Persons entitled to attend and vote at the meeting, may vote in person or by proxy/ through authorized representative, provided that all proxies in the prescribed form/authorization duly signed by the person entitled to attend and vote at the meeting are deposited at the Registered Office of the Company, not later than 48 hours before the meeting.

**NOTICE** is further given pursuant to Regulation 42 of the Listing Regulations, read with Section 91 of the Companies Act, 2013, that the Register of Members & Share Transfer Books of the Company will remain closed from Friday, the 21<sup>st</sup> day of September, 2018 to Monday, the 24<sup>th</sup> day of September, 2018 (both days inclusive) for the purpose of AGM.

**For Siti Networks Limited**

**Date: September 01, 2018**

**Place: Noida**