SITI BROADBAND

SITI DIGITAL CABLE TELEVISION

SITI HD

SITI LOCAL CHANNELS

SITI VAS

SITI NETWORK

Bringing home a Unique experience!

SITI Cable Network Ltd.

Annual Report 2013-14

CONTENTS

Bringing home a **Unique** experience!

SITI Cable has been unique in its activities and actions that have brought success and patronage its way over the years. In the last two decades, SITI Cable has climbed up the ladder of success by holding on to few basic fundamentals. Its fundamentals include being transparent in actions and strong in reactions to the market and changing technologies. SITI took it in its stride to take along its Associates, grow in profit and provide best-in-class television viewing experience to its consumers. With LCOs and Broadcasters also growing alongside, the growth was in itself unique.

SITI has maintained a unique and consistent stand of being clear in its policies within itself, the industry and the government. The Consumers have been at the center of our focus and their needs have been addressed by initiatives like superior quality viewing experience, engaging content and packages & offers that are pocket-friendly. Setting paradigms in the industry through unique offerings, we are constantly endeavoring to reach out to our loyal customer base by ***'bringing home a unique experience!'***

"We are consistently working towards bettering our after sales services and introducing value added services like Broadband, HD Services & Video On Demand, to ensure our consumers better deliveries."

A Unique experience for the Consumers

With an enhanced viewing experience supported by best-in-class services, SITI has been offering its consumers an uninterrupted access to entertainment. We are regarded as the organization to have spearheaded the digital revolution in the country. We strive to bring home an experience that is not only unique but also empowers our digital consumer base of more than 4 million subscribers to choose what they wish to view at competitive prices. Our package proposition offers more number of channels as compared to our peers.

By helping our consumers make informed choices regarding the channel packages, we have been able to increase our consumer base and grow our revenues by keeping the price points in line with consumers' preference. To deepen our engagement with our consumers and address their problems, a dedicated network of customer care centers have been set up, which is the best in the industry.

We are consistently working towards bettering our after sales services and introducing value added services like Broadband, HD services and Video-On-Demand, to ensure our consumers better deliveries. Courtesy the right infrastructure in place, the latest STM4 technology is being used for boosting the current channel carrying capacity and scalability. Modern digital head ends have been deployed that are capable to carry more than 400 channels on digital platforms. We keep upgrading our head ends from time-to-time to deliver quality signals that are unmatched. We have tied up with global technological giants like Changhong, Arion Technologies Inc, & Handan to provide best quality Set –top-boxes (STBs); Tandberg & Harmonics for Digital Head ends; Conax for Encryption Systems; and CISCO for Head ends equipment. The use of enhanced technology helps us reach out to our consumer base with a viewing experience that is superior, quality driven and unique.

Our services are a testimony to the fact that our DAS Subscription revenue grew by 630% over the last fiscal and continues to grow. Going forward, with ready world-class infrastructure for more services like Broadband, HD & OTT, we are positive of continuing to create value for our consumers - values that are unrivalled yet unique.

Today we have a strong network of 9500 LCOs across 80 cities who are working closely with us.

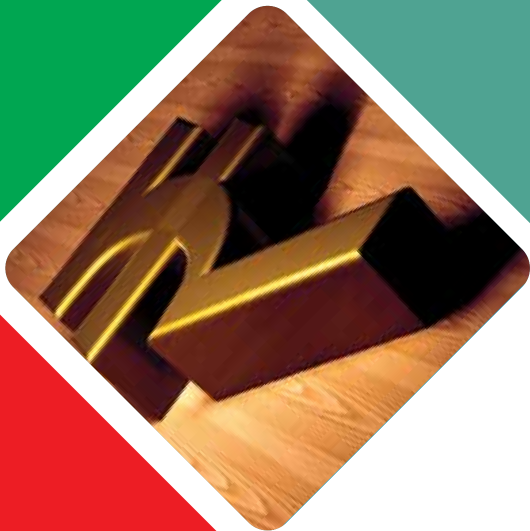
A Unique experience for the Associates

Having the right partner matters and at SITI we truly live by this adage. We believe that to reach out to more and more consumers with services that are unique, we first need to strike the right kind of partnership with people who will make it possible. Therefore, when it comes to choosing the right Associate to collaborate with, we are stringent on the qualities of dedication, transparency and commitment. Proud to say, today we have a strong network of 9500 LCOs across 80 cities who are working closely with us to make our vision of bringing home a unique experience possible.

Empowering our LCOs with the right tool of world-class technology has enabled them to improve their productivity and call-to-action time. As a result they have been able to offer better services to their existing customer base as well as tap potential business opportunities in form of new and potential customers. The unique 'Own Your Customer' system allow them real time access to subscriber billing, payment, account statement, activation, deactivation, upgradation, down gradation, packaging and monthly collection of subscription revenue subscriber-wise for every STB installed online.

As an organization, we do believe in taking our associates along on the growth path as we continue to grow. We were the first to launch the subscriber packaging and have realized maximum digital subscription revenue adding to overall revenue growth. We are the only MSO in India to share 25% of our carriage revenue with our LCOs thus strengthening our network and long-term association with them.

We believe in managing our business with utmost professionalism and do not follow the malpractices prevalent in the industry. Our association with LCOs, distributors, vendors, broadcasters and JV partners are fully transparent, keeping our resolve of offering the best to our consumers. Through increased focus on Digital Addressable System (DAS), we are endeavoring to deepen our engagement with the associates in the value chain. The friendly terms of trade with our associates has helped us set benchmark in industry best practices of agreements that are well documented and has given us an edge in uniqueness that is compared to none in the industry.



We are the first to have carried forward the lead in digitization.

Unique in Regulatory Compliances

Adherence to regulatory compliances comes natural to SITI. We have been able to demarcate between the right and wrong practices and have taken precautionary actions not to allow any such malpractices hamper our operations.

Among the many steps taken towards this direction, we were the first to announce channel packages, migrate to package-wise billing, adhere to tax compliance and taken the lead to generate consensus among the fellow MSOs for greater compliance regulations. This has helped us further cement our position as a transparent organization in the industry. Through the years, we have also ensured that we stay in compliance to all the regulatory norms applicable in our industry

Our credibility among broadcasters, consumers, investors, employees, distributors , LCOs and JV partners continue to remain strong and unscathed. We are the first to have carried forward the lead in digitization. A game changer in this regard, we are anointed to have taken the digital revolution across homes.

Chairman's Message

Dear Shareholders,

It gives me immense pleasure in presenting to you the financial results for the fiscal 2013-2014. SITI Cable has had another strong year with Digitisation as the focus. The strong participation by your Company in the digitization process has resulted in growth of 47% in its revenue over FY13. Our EBITDA also grew by 45% at ₹ 1259 million. During the year, your Company also received a laurel to be one of the top 500 of "India's most valuable companies", from Business today.

Year 2013 has been at large a continued journey on the path of reconstruction for the world over. At 3%, the global GDP growth saw a marginal decline from 3.2% in 2012. Indian economy witnessed increased activities in the second half of the fiscal year 2013-14. Going forward, Indian economy is likely to augment its growth momentum. Advance Estimate of Central Statistics Office (ECSO) has estimated India's GDP growth to reach 4.9% in 2014 from 4.5% (revised from earlier estimate of 5%) recorded in 2013. With a stable government and a refinement in policy reforms, India is expected to drive itself home through more and consistent GDP growth in the subsequent years.

Amidst all this, as per a 2014 report by FICCI-KPMG, the Indian Television industry grew by 12.7%, mostly aided by the Digitization of cable industry. As per the industry experts, the size is expected to reach monstrous scale of ₹ 885 billion by 2018 with ₹ 632 billion as subscription revenue and ₹ 253 billion as the advertisement revenue. This would mean a growth of 125% in subscription revenue and 86% in advertisement revenue.

With the continuing regulatory support, digitization is progressing well with few challenges. With DAS coming in, the outreach and the transparency of the business has gone up by several notches.

Your Company has always been in favor of being equally transparent to all segments it has to deal with. The new regime, therefore, has been less complicated for us to deploy to our existing business practices.

Presently, we have an outreach to more than 10 million subscribers for our services. At the end of the digitization process, we target to convert the entire subscriber base to digital. Out of this, we have already achieved 4 million digital subscribers which show that we are progressing towards it quite robustly. Our DAS Subscription revenue grew by 630% to reach ₹ 2840 million over last fiscal.

Throughout the year, we focused on expanding our subscriber base in digital regime. Apart from that we have put cohesive efforts towards adherence to regulatory compliances from TRAI and MIB. We have also applied cost controls measures which have helped us attain better numbers quarter-over-quarter.

The MSOs along with DTH platforms are facing hardships due to dual taxation in the form of service tax and entertainment tax which is almost one third of the subscription received. We have made representations to the government for the rationalization of taxation to provide some respite to the stakeholders. There are some positive hopes from the much anticipated GST taxation regime which would broaden the tax base and reduce the burden.

Another challenge we as an industry face is the low ARPU in the country compared to other developing countries. Once this improves, which would require efforts on the part of all stakeholders, we are hopeful and confident that the increased ARPU will have major positive impact on the entire media industry.

We have already introduced value-added services like HD and Broadband and going forward we plan to expand the same in other geographies as well.Plans are also in place to introduce our content through Android and IOS platforms for our subscribers.

Owing to the compulsive digitization regime, we have a massive opportunity ahead of us in the last two phases-Phase III and IV. We are prepared to capitalize on it tremendously through efforts on converting our entire analog base into digital while penetrating in more and more strategic markets. We have already initiated the digitization in Phase III and IV which is in tandem with the regulatory guidelines.

Overall, I would say the future of cable industry looks promising, given all the stakeholders of the television ecosystem are benefiting from the transition and are moving in a synchronized manner. Looking ahead, your Company is geared up to capitalize on the opportunities as and when they arise and shall work towards retaining its position in the industry and further strengthening it. We are putting in our efforts to embrace the digital era with all our commitment to deliver.

I would like to thank all the stakeholders for their continued trust in our capabilities to bring the dream of creating a best-in-class entertainment experience to reality. Looking forward to your continued support.

Yours Sincerely

Subhash Chandra

“We have already achieved 4 million digital subscriber base and progressing towards digitization in phase III and IV quite robustly. Our DAS Subscription revenue grew by 630% to reach ₹ 2840 million over last fiscal.”

Corporate Information

BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

Subhash Chandra, Chairman

B.K. Syngal, Independent Director

Subodh Kumar, Non-Executive Director

Vinod Kumar Bakshi, Independent Director

Sureshkumar Agarwal, Independent Director

VD Wadhwa, Chief Executive Officer

COMPANY SECRETARY

Suresh Kumar

AUDITORS

Walker, Chandiok & Co.,
Chartered Accountants, New Delhi.

BANKERS

IDBI Bank Limited

Axis Bank Limited

ICICI Bank Limited

ING Vysya Bank Limited

Standard Charterd Bank

REGISTERED OFFICE

Continental Building
135, Dr. Annie Besant Road
Worli, Mumbai - 400018
Ph: 022 24831234
Fax: 022 24955974

CORPORATE OFFICE

FC 09, Gate No. 3
Sector 16A, Film City
Noida (UP) - 201301
Ph: 0120 4526757
Fax: 0120 4526777

REGISTRAR & SHARE TRANSFER AGENT

Sharepro Services (India) Private Limited
13 AB, Samhita Warehousing Complex
2nd Floor, Sakinaka
Andheri (East)
Mumbai - 400072
Ph.: 022 67720400
Fax: 022 28591568
Email: sharepro@shareproservices.com

WEBSITE

www.siticable.com

Regional Offices

Bengaluru	- United Mansions, 39, 4th Floor, M. G. Road, Bengaluru - 560001 Ph.: 080 25581234, Fax: 080 25580099
Delhi	- Essel House, B-10 Lawrence Road, Industrial Area, Delhi - 110035 Ph.: 011 27101142, Fax: 011 27186561
Kanpur	- 122/227, Sarojini Nagar, Sant Nagar Crossing, Kanpur Ph.: 09336336771
Hyderabad	- 6-2-929, D.B. Enclave, Khairatabad, Raj Bhavan Road, Hyderabad-500004 Ph.: 040 23372158, Fax: 040 23372822
Kolkata	- P G Bldg., 4th Floor, #J-1/15, Electronics Complex, Block - EP, Sec -V, Salt Lake, Kolkata - 700091 Ph.: 033 40025020, Fax: 033 23577640
Mumbai	- 4th Floor, A Wing, Madhu Industrial Estate, P B Marg, Worli, Mumbai - 400013 Ph.: 022 43605555 Fax: 022 24992000
Indore	- 201-203 “Grravity Tower“ 3rd Floor, Janjeerwala Square, Indore - 452 001 (M.P.) Ph.: 0731 6610100

Subsidiary Companies Addresses

Indian Cable Net Company Limited
J-1/15, Block EP, 4th Floor, Sector-V, Salt Lake,
Kolkata, West Bengal – 700091
Ph.: 033 40025020, Fax: 033 23577640

Central Bombay Cable Network Limited
B-10, Lawrence Road, Industrial Area
New Delhi - 110035
Ph.: 011 47502600, Fax: 011 27184709

Siticable Broadband South Limited
United Mansions, 3rd Floor, No. 39,
M.G. Road, Bengaluru, Karnataka – 560001
Ph.: 080 25581234, Fax: 080 25580099

Master Channel Community Network Pvt Ltd
Flat No: T4&T5, 3rd Flr., Vijaya Apartments Mogalaraj puram, Vijayawada, Andhra Pradesh – 520010
Ph.: 0866 2491955, Fax: 0866 2575236

SITI Vision Digital Media Private Limited
B-10, Lawrence Road, Industrial Area, New Delhi-110035
Ph.: 011 47502600, Fax: 011 27184709

SITI Jind Digital Media Communications Private Limited
B-10, Lawrence Road, Industrial Area, New Delhi -110035
Ph.: 011 47502600, Fax: 011 27184709

SITI Jai Maa Durgee Communications Private Limited
B-10, Lawrence Road, Industrial Area, New Delhi– 110035
Ph.: 011 47502600, Fax: 011 27184709

SITI Bhatia Network Entertainment Private Limited
Near Bank of India, Dayalband, Bilaspur
Chhattisgarh-495001
Ph.: 0775 2417770 - 71, Fax: 0775 2417770 - 71

SITI Krishna Digital Media Private Limited
G-366, Preet Vihar
Delhi – 110092
Ph.: 09911104212

SITI Guntur Digital Network Private Limited
B-10, Lawrence Road, Industrial Area
New Delhi - 110035
Ph.: 011 47502600, Fax: 011 27184709

SITI Jony Digital Cable Network Private Limited
B-10, Lawrence Road, Industrial Area
New Delhi - 110035
Ph.: 011 47502600, Fax: 011 27184709

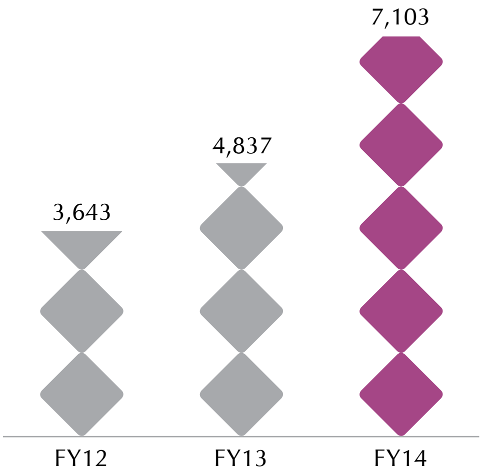
SITI Faction Digital Private Limited
B-10, Lawrence Road, Industrial Area
New Delhi - 110035
Ph.: 011 47502600, Fax: 011 27184709

Wire and Wireless Tisai Satellite Limited
Madhu Industrial Estate, 4th Floor
Pandurang Budhkar Marg, Worli, Mumbai – 400013
Ph.: 022 43605555, Fax: 022 24992000

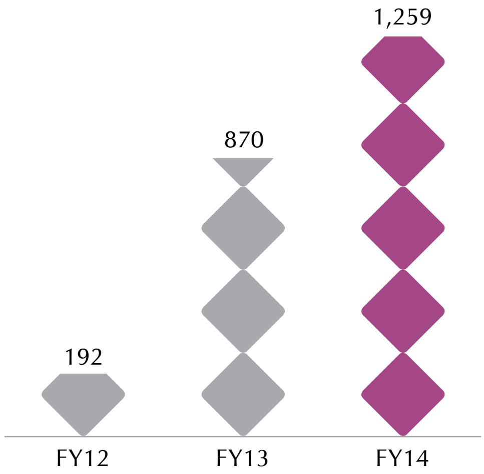
SITI Maurya Cable Net Private Limited
J-1/15, Block EP, 4th Floor, Sector-V
Salt Lake, Kolkata, West Bengal – 700091
Ph. : 033 40025020, Fax: 033 23577640

Financial Highlights

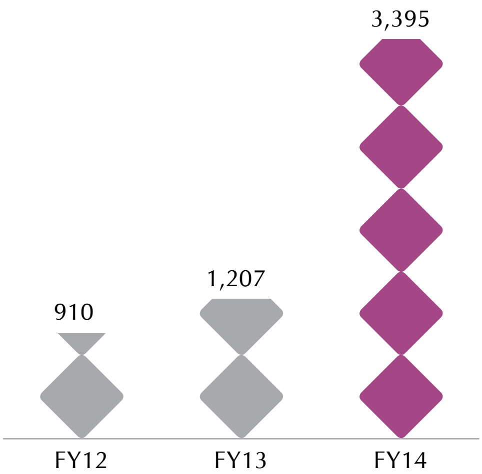
Total Revenue (₹ in Millions)



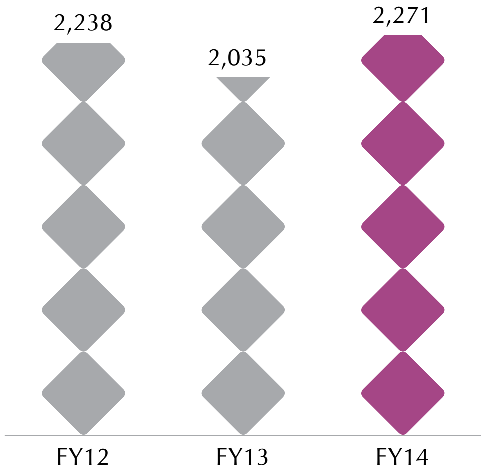
EBITDA (₹ in Millions)



Subscription Income (₹ in Millions)



Carriage Income (₹ in Millions)



NOTICE

Notice is hereby given that the Eighth Annual General Meeting of the members of Siti Cable Network Limited will be held at "Ravindra Natya Mandir", Near Siddhivinayak Temple, Sayani Marg, Prabhadevi, Mumbai – 400 025, on Tuesday, the 12th day of August, 2014 at 4:00 p.m., to transact the following businesses:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company, on a standalone and consolidated basis, for the financial year ended March 31, 2014 including the Balance Sheet as at March 31, 2014, Statement of Profit & Loss of the Company for the financial year ended on that date, and the Reports of the Auditors and Directors thereon.

2. To appoint a Director in place of Mr.Subodh Kumar, IAS (Retd.) (DIN 02151793), who retires by rotation at this meeting and being eligible, offers himself for re-appointment.

3. To re-appoint M/s. Walker Chandiok & Co., Chartered Accountants, New Delhi, having Firm Registration No. 001076N, as the Statutory Auditors of the Company to hold such office from the conclusion of this meeting until the conclusion of next Annual General Meeting at remuneration to be determined by the Board of Directors of the Company.

SPECIAL BUSINESS:

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

   "**RESOLVED THAT** pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr.B.K.Syngal (DIN 00002395), Non-Executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a period upto March 31, 2017."

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 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr.Vinod Kumar Bakshi (DIN 00771934), Non-Executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a period upto March 31, 2017."

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

   "**RESOLVED THAT** pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr.Sureshkumar Agarwal (DIN 00773957), Non-Executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a period upto March 31, 2017."

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

   "**RESOLVED THAT** pursuant to Section Sections 387, 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, corresponding to Sections 196 and 197, Schedule V and other applicable provisions of the Companies Act, 2013, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force and subject to the approval of the Central Government, if necessary and such other approvals, permissions and sanctions, as may be required, consent be and is hereby accorded for the appointment of Mr.Anil Kumar Malhotra be and is hereby appointed as the Manager of the Company, subject to the superintendence, control and direction of the Board of Directors from time to time, for a period of one year commencing from October 23, 2013, on the terms and conditions including remunerations as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT for the purposes of giving effect to this resolution, the Board of Directors (hereinafter referred to as "the Board" which term be deemed to include any Committee of the Board of Directors duly authorized in that behalf for the time being exercising powers conferred on the Board by this resolution) be and is hereby authorized to alter, vary or modify, from time to time, said terms and conditions within the limits specified in the Act or make any amendments thereto or otherwise as may be permissible by law and do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary, expedient, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard."

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

"**RESOLVED THAT** in supersession of the Ordinary Resolution adopted at the Extra Ordinary General Meeting held on December 29, 2006 pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter called "the Board") which term shall be deemed to include any Committee thereof, which the Board may have constituted or hereafter constituted to exercise its powers including powers conferred by this resolution and with the power to delegate such authority to any person or person(s), to borrow moneys, from time to time, in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount so borrowed and remaining outstanding at any point of time, apart from temporary loan obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of ₹1500 crores (Rupees One Thousand and Five Hundred Crores) at any point of time."

For Siti Cable Network Limited

Place: Delhi — **Suresh Kumar**
Date : May 28, 2014 — Company Secretary

Registered Office:

Continental Building,
135, Dr. Annie Besant Road,
Worli, Mumbai – 400 018

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll on his behalf. 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 ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder.

2. Corporate Members are requested to send to the Registered Office of the Company, a duly certified copy of the Board Resolution/Power of Attorney/other valid authority, pursuant to Section 113 of the Companies Act, 2013 authorizing their representative to attend and vote at the Annual General Meeting.

3. Members / Proxies should fill-in the attendance slip for attending the Meeting and bring their attendance slip along with their copy of Annual Report to the Meeting, as no copies will be made available at the meeting.

4. Additional information, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, on Directors recommended by the Board for appointment/re-appointment at the Annual General Meeting forms part of the Report on Corporate Governance in the Annual Report.

5. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, August 6, 2014 to Tuesday, August 12, 2014 (both days inclusive).

6. Queries on accounts and operations of the Company, if any, may be sent to the Company Secretary seven days in advance of the meeting so as to enable the Management to keep the information ready at the meeting.

7. Members who are holding Company's shares in dematerialized form are required to bring details of their Depository Account Number for identification.

8. Members holding equity shares in physical form are requested to notify the change of address/dividend mandate, if any, to the Company's Registrar and Share Transfer Agent, Sharepro Services (India) Private Limited, 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai-400 072 or at 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai-400 021.

9. As per Securities and Exchange Board of India (SEBI) notification, submission of Permanent Account Number (PAN) is compulsorily required for participation in the securities market, deletion of name of deceased shareholder or transmission/transposition of shares. Members holding shares in dematerialized mode are requested to submit the PAN details to their Depository Participant, whereas Members holding shares in physical form are requested to submit the PAN details to the Company's Registrars and Transfer Agents.

10. All documents referred to, in the accompanying notice and explanatory statement, are open for inspection at the registered office of the Company on all working days, during regular business hours and upto date of this meeting.

11. Recognising the spirit of the Green Initiative in Corporate Governance Initiated by the Ministry of Corporate Affairs, the Company, proposes to send the Annual Report and other documents/notices to shareholders to the email address with the respective Depository Participant or with the Company, to ensure that documents from the Company reach their preferred email address.

12. **E-voting:** In compliance with Section 108 of the Companies Act, 2013 and Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 8th Annual General Meeting (AGM) by electronic means and all the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

    The E-voting period for all items of business contained in this Notice shall commence from Wednesday the 6 August, 2014 at 9.00 a.m. and will end on Friday, the 8 August, 2014 at 6.00 p.m. During this period equity shareholders of the Company holding shares either in physical form or in dematerialised form as on the cutoff date of July 11, 2014, 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.

    The voting rights of Members shall be in proportion to their equity shareholding in the paid up equity share capital of the Company as on July 11, 2014.

13. The Company shall appoint an Independent Professional as Scrutiniser to conduct the E-voting in a fair and transparent manner. The Scrutiniser shall within a period of not exceeding 3 working days from the conclusion of voting period, shall unblock the votes in presence of two witness, who are not in employment of the Company and after scrutinising such votes received shall make a Scrutiniser's report of the votes cast in favor or against or invalid votes in connection with the resolution(s) mentioned in the Notice of the Meeting and submit the same forthwith to the Chairman of the Company.

14. The Results of E-voting shall be declared at the AGM of the Company and the results along with Scrutiniser's report shall be placed on the website of the Company thereafter and shall also be communicated to the Stock Exchanges. The Resolutions shall be deemed to be passed, if approved, on the date of AGM.

15. The instructions and process for e-voting are as under:

    - Open your web browser during the voting period and log on to the e-voting website www.evotingindia.com
    - Now click on 'Shareholders' tab to cast your votes
    - Now, select the 'Electronic Voting Sequence Number (EVSN)' along with 'Siti Cable Network Limited' from the drop down menu and click on 'SUBMIT'
    - Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
    - If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any company, then your

existing password is to be used. If you are a first time user follow the steps given below.

- Now, fill up the following details in the appropriate boxes:

PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (in Capital) (Applicable for both demat shareholders as well as physical shareholders)
DOB#	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.

* 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 last 8 digits of the demat account/folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.

\# Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- After entering these details appropriately, click on 'SUBMIT'

- Equity Shareholders holding Equity shares in Physical form will then reach directly to the EVSN selection screen. However Equity Shareholders holding shares in Demat form will now reach 'Password Change' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the Demat holders for voting for resolution 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.

- Equity Shareholders holding shares in physical form can use these details only for e-voting on the resolutions contained in this Notice.

- Click on the relevant EVSN on which you choose to vote.

- On the voting page, you will see Description of Resolution(s) and option for voting Yes/No for voting. Select the option yes or no as desired. The option 'YES' implies that you assent to the resolution & 'NO' implies that you dissent to the resolution

- Click on the Resolution file link if you wish to view the entire Notice.

- 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.

- Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.

- You can also take out print of the voting done by you by clicking on 'Click here to print' option on the Voting page

- If Demat account holder has forgotten the changed password then enter the User ID and Captcha Code click on Forgot password & enter the details as prompted by the system.

- Institutional Equity Shareholders (i.e. other than individuals, HUF, NRI etc) are required to log on https://www.evotingindia.co.in and register themselves as Corporates. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com. After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions and e-voting manual available at www.evotingindia.co.in under help section or write an email to CDSL on helpdesk.evoting@cdslindia.com or to the Investor relations officer of the Company on csandlegal@siticable.com

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4 to 6

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreements entered with the Stock Exchanges, appointed Mr. B.K.Syngal, Mr.Vinod Kumar Bakshi and Mr.Sureshkumar Agarwal as Independent Directors at various times, in compliance with the requirements of the Clause.

Pursuant to the provisions of section 149 of the Act, which came into effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

The Remuneration and Nomination Committee has recommended the appointment of these directors as Independent Directors for a period up to March 31, 2017.

Mr. B.K.Syngal, Mr.Vinod Kumar Bakshi and Mr.Sureshkumar Agarwal, Non-Executive Independent Directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these Directors fulfil the conditions specified in the Act and the Rules framed there under for appointment as Independent Director and they are independent of the management.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

A brief profile of the Independent Directors to be appointed is given in Corporate Governance Report forming part of Directors' Report of the Company.

Mr. B.K.Syngal, Mr.Vinod Kumar Bakshi and Mr.Sureshkumar Agarwal, respectively, are concerned or interested in the Resolutions mentioned at Item Nos.4 to 6 of the accompanying Notice relating to their own appointment. None of the other Directors, key managerial personnel or their relatives, are concerned or interested in these items of business.

The Board recommends the resolution set forth in Item Nos.4 to 6 for the approval of the members.

Item No. 7

Mr.Anil Kumar Malhotra was appointed as Manager of the Company in terms of Section Sections 387, 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, corresponding to Sections 196 and 197, Schedule V and other applicable provisions of the Companies Act, 2013, w.e.f. October 23, 2013 in the Board Meeting held on October 23, 2013 based on the approval granted by the Nomination and Remuneration Committee (earlier know as "Remuneration Committee") in its meeting held on October 23, 2013.

The terms of appointment of Mr.Malhotra as Manager of the Company are as follows:-

(i) **Period of Appointment:** The appointment of Mr.Malhotra is for a period of one year with effect from October 23, 2013.

(ii) **Remuneration :**

(a) The Board of Directors of the Company is empowered to fix the remuneration payable to Mr. Malhotra in the slab of ₹ 80,00,000 to ₹1,00,00,000 per annum, with the basic salary in the scale of ₹26,00,000 to 30,00,000 per annum, subject however to deduction of all applicable taxes and / or levies etc.

(b) The Board of Directors is also empowered to finalise the breakup /components of remuneration including its modifications within the overall range of remuneration specified above, as it may deem fit.

(c) Within the overall range of remuneration mentioned in para (ii)(a) above, he shall be entitled to (i) all other employee benefits with respect to Provident Fund, Superannuation Fund, Gratuity, Earned/Privilege leave including Encashment of Leave; (ii) reimbursement of all business related expenses incurred by him on actual basis; and (iii) coverage under group medical and personal accident insurance, as per Company's policy as is in effect from time to time, as an employee in continuation of his employment with the Company.

(iii) Performance of Mr. Malhotra shall also be reviewed by the Board annually and his remuneration shall also be revised within the overall range as mentioned above.

(iv) **Minimum Remuneration:** Remuneration payable to Mr. Malhotra, shall be fixed by the Board of Directors of the Company within the limits approved by the Shareholders of the Company, which shall constitute the minimum remuneration payable to him irrespective of the fact that the Company has inadequate profits / or has losses.

(v) **Termination:** the appointee or the Company shall be entitled to terminate this service agreement/arrangement by giving three (3) months notice in writing or payment of Salary (i.e. Basic Pay plus Special Allowances) in lieu thereof.

Memorandum of Interest or Concern: Except for Mr. Malhotra, no other Director of the Company is in any way interested / concerned in the appointment of Mr. Malhotra as a Manager of the Company. The terms and conditions as specified above shall also be treated as an abstract of the terms and conditions of his appointment and memorandum of disclosure of nature of interest or concern therein as required to be given under Section 190 of the Companies Act, 2013.

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

None of the Directors, key managerial personnel or their relatives, except Mr. Malhotra, are concerned or interested in this resolution.

Item No. 8

The Members of the Company at their Extra Ordinary General Meeting held on December 29, 2006 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956, the Company accorded consent to the Board of Directors borrowings over and above the aggregate of the paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amount already borrowed and outstanding at any point of time shall not be in excess of ₹1500 crores (Rupees One Thousand Five Hundred Crores Only).

Section 180(1)(c) of the Companies Act, 2013 requires that the Board of Directors shall not borrow money in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, except with the consent of the members accorded by way of Special Resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No.8 of the Notice, to enable the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of the members of the Company is being sought to borrow money up to ₹1500 crores (Rupees One Thousand Five Hundred Crores Only).

No Director, key managerial personnel or their relatives are interested or concerned in the resolution.

The Board recommends the Special Resolution set forth in Item no.8 for the approval of the members.

For Siti Cable Network Limited

Place: Delhi **Suresh Kumar**
Date : May 28, 2014 Company Secretary

Registered Office:

Continental Building,
135, Dr. Annie Besant Road,
Worli, Mumbai – 400 018

Annexure forming part of the Explanatory Statement as required to be given pursuant to Part II of Schedule XIII of the Companies Act, 1956 corresponding to Part II of Schedule V of the Companies Act, 2013, for payment of Remuneration to Manager in excess of limits specified in case of inadequate profits.

I. GENERAL INFORMATION

1. **Nature of Industry:** The Company is a Multi System Operator and is carrying on business of reception of signals of Television channels of various Broadcasters from the designated Satellites (including reception of terrestrial signals of various Channels of Doordarshan) and distribution thereof through cable networks to the Cable Operators and/or subscribers in various cities, town & villages in India.

2. **Date or expected date of commencement of commercial production:** March 27, 2006

3. **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not Applicable

4. **Financial performance (consolidated) based on given indicators:**

(₹ millions)

Particulars	Financial Year		
	2013-14	**2012-13**	**2011-12**
Sales	6,972.37	4,696.36	3,428.17
Total Income	7,103.41	4,836.65	3,642.60
Gross Profit Before Interest, Depreciation & Tax	1,259.35	869.62	192.00
Interest(Net)	1,191.13	863.67	566.41
Depreciation	837.90	563.08	304.06
Profit Before Tax	-769.68	-557.13	-678.47
Income Tax	64.08	46.28	29.91
Profit After Tax Before Exceptional Items	-833.76	-603.41	-708.38
Equity Share Capital	521.35	452.85	452.85

5. **Export performance and net foreign exchange collaborations:** The earning in Foreign Exchange during the financial year 2013-14 was ₹ 16.54 million (₹ 15.81 million during the financial year 2012-13).

6. **Foreign investments or collaborators, if any:** There is no foreign investment of the Company. The Company is listed on BSE Limited and National Stock Exchange of India Limited and as on March 31, 2014, the foreign holdings in the Company were 21.76%. There are no foreign collaborations.

II. INFORMATION ABOUT THE APPOINTEE:

1. **Background details:** Mr. Malhotra holds a Post Graduate Degree in Solid State (Physics) from University of Garhwal and has a keen interest in emerging technologies and new researches.

   Mr.Malhotra has about 26 years of rich experience in Distribution, Technology & Operations. He had executed a few turnkey projects in hotels in North India and has been a successful entrepreneur before starting his career with Shyam Communications. Before joining SITI Cable, he was working with Broadband Pacenet (I) Pvt. Ltd. as Executive Vice President (North India) and was responsible for Cable, Broadband & DTH business for North India. He has worked with IMCL (Indusind Media and communications Ltd) for more than Ten years and was President (North India).

2. **Past remuneration:**

Organisation	Designation	During the Financial year	Annual Total Cost to the Company (₹ in million)
Broadband Pacenet India(P) Ltd.	Vice President	1st April, 2011 – 6th Sept, 2011	3.03
Siti Cable Network Ltd.	Chief Operating Officer	7th Sept, 2011 - 31st Mar, 2012	3.95
Siti Cable Network Ltd.	Chief Operating Officer	1st April, 2012 - 31st Mar, 2013	7.36
Siti Cable Network Ltd.	Chief Operating Officer	1st April, 2013 – 22nd Oct, 2013	4.79

3. **Recognition and awards:** Nil

4. **Job profile and his suitability:** Mr.Anil Kumar Malhotra is responsible for business operations of the Company situated in Northern & Western India, implementation of corporate strategy, acceleration of growth/profitability, improvement of system/process.

   Mr.Anil Kumar Malhotra has rich experience of managing the business organisation at senior level, which would help the Company in successful implementation of Digital Addressable System (DAS) in operational areas of the Company.

5. **Remuneration proposed:** The terms of remuneration are detailed in Explanatory Statement item No.8

6. **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):**

   As per published Annual Reports of 2012 -13:

Company	Turnover (₹ in Million)	Person and Profile	Designation	Total Remuneration (₹ in Million)
DEN Networks Ltd.	7268.16	Mr. Sameer Manchanda Chairman	Chairman & Managing Director	20.32
Hathway Cable & Datacom Ltd.	6679.53	Mr.K.Jayaraman*	Managing Director & CEO	16.49
Hathway Cable & Datacom Ltd.	6679.53	Mr.Jagdish Kumar G.Pillai**	Managing Director & CEO	5.12

* Till 20th December, 2012.

** w.e.f 21st December, 2012.

Considering Mr.Malhotra's vast experience and keeping in view the similar or senior level personnel in other companies in similar Industry, Remuneration Committee, consisting of three Non-Executive Independent Directors, after elaborate discussion, has approved the proposed remuneration.

7. **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:** Mr.Malhotra has no pecuniary relationship with the Company, except to the extent of remuneration as proposed to be paid to him.

   Further, he has no relationship with any of the managerial personnel of the Company.

III. OTHER INFORMATION

1. **Reasons of loss or inadequate profits:** The Cable Television sector, in which the Company is operating was largely suffering from the under declaration of the Subscriber base and low ARPU there from.

   Now, with the implementation of Digital Addressable System (DAS) in India in phased manner, the concern of under declaration has largely been addressed in phase 1 and 2 notified areas where DAS has already implemented and is expected to be addressed in remaining part of the country (i.e. phase 3 and 4 notified areas where DAS will be implemented w.e.f. 31.12.2014), resulting thereby that the Company would be able to generate much higher revenue largely from Subscription revenue. Your company has already become Cash EBITDA +ve Company during this year.

   In order to implement the digitization, the Company has procured and deployed substantial no of set top boxes across the country, which has resulted into periodical amortisation as charge to profitability statement which has lead to inadequate profits. While the Company has already rolled out digitization in phases, which is passing through transition phase last year, the Company is expected to yield better revenue and profitable growth.

2. **Steps taken or proposed to be taken for improvement:**

   (i) The Company has taken steps for expansion of its Business Operations in Southern India, Northern India and Central India besides the market of its strong presence in Eastern India Region.

   (ii) ARPU of the Company will accelerate due to Digitization and strategic expansion in growth markets.

   (iii) The Company is preparing strategies for:

      (a) increasing its reach/digital market share;

      (b) Emerging as strong player in areas covered under Digital Addressable System (DAS) Phase 3 & 4, on case to case strategic basis

   (iv) The Company is rolling out its Value Added Services (VAS) plans across the country in phased manner. Broadband services are intended to be rolled out on advance DOCSIS 3 technology in Delhi /NCR in Q2 2015, besides having BB subscriber base in Eastern Region.

3. **Expected increase in productivity and profits in measurable terms:**

   (i) EBITDA margin is expected/projected to grow further with the stabilization of Digitization in phase 1 and 2 markets since better and higher revenue is planned to recover from value chain;

   (ii) Rationalization of expenses;

   (iii) Standardization of process and systems to shift in focus from individual centric approach to system driven approach;

   (iv) Additional incremental profit would be generated by rolling out of Value Added Services (VAS).

IV. DISCLOSURES

The Remuneration package of the managerial personnel has been provided in the Notice and the Company shall make appropriate disclosures as required under Schedule XIII of the Companies Act, 1956 corresponding to Schedule V of the Companies Act, 2013 in the Corporate Governance Report forming part of the Directors' Report of the Company every

Directors' Report

To,
The Members of
SITI Cable Network Limited

Your Directors take pleasure in presenting the Eighth Annual Report of the Company together with Audited Statement of Accounts for the year ended March 31, 2014.

FINANCIAL PERFORMANCE

The Financial performance of consolidated operations of your Company during the Financial Year 2013-14 is summarized in the following table:

(₹ millions)

Particulars	For The Year Ended	
	March 31, 2014	March 31, 2013
Sales	6972.37	4,696.36
Other Income	131.04	140.29
Total Income	7103.41	4,836.65
Total Expenses	5844.06	3967.03
Operating Profit/(Loss)	1259.35	869.62
Less: Finance Cost	1,191.13	863.67
Less: Depreciation	837.90	563.08
Profit/(Loss) before Tax & Exceptional Items	-769.68	-557.13
Provision For Taxation (Net)	64.08	46.28
Profit/(Loss) after Tax & Exceptional Items	-833.76	-603.41
Less : Exceptional Items	-0.33	5.35
Minority Interest	107.18	31.97
Profit/(Loss) After Tax	-940.61	-640.73

BUSINESS OVERVIEW

With 56 analogue and 14 digital head ends, SITI Cable is one of the leading Multi System Operators in India. Your Company has a network of more than 12000 Kms of optical fibre and coaxial cable reaching out to over 80 key cities majorly and some adjoining areas having outreach of over 10 million subscribers.

The Company intends to provide the best service to its customers. To this end, it deploys the latest technology for enriched viewing experience. Its product range includes Digital Cable Television, Analogue Cable Television, Broadband and Local Television Channels. Your Company has been working towards enriching its product basket through value-added services like Broadband services, Video on Demand, Movie on Demand, Pay per View, Electronic programming Guide (EPG) and gaming through a Set Top Box (STB) under the "SITI" brand name.

During the year, your company has made continuous efforts towards expanding the subscriber base to reach out to more and more customers. It also moved a step ahead in digitization and initiated implementation of gross billing. SITI Cable has always maintained a hi-focus on adherence to regulatory compliances. During the year, cost controls measures have been undertaken which has led to a healthy performance.

SITI Cable has been a pioneer in monetizing the business through higher revenue per subscriber. It also has the best backend infrastructure. Its fair and transparent commercial policies in dealing with business associates are known throughout the industry.

This year, your Company has ventured into some newer areas along with efforts to optimize resources which have helped it emerge out even stronger compared to last year.

In terms of overall perspective, FY2013-14 was a year of unique differentiation for your Company. Your Company's total revenue grew by 47% to ₹ 7103 millions from ₹ 4837 million in 2012. The EBITDA also increased to ₹ 1259 million compared to ₹ 870 million last year, implying a growth of 45%.

As an impact of successful digitization in phase I and II, Digital Subscription revenue grew by 630% over last fiscal with the digital Subscribers growing to 4 million. Being the first and only Company to provide "Own Your Customer (OYC)" web-based subscriber management system to the LCOs, SITI Cable is progressing well on the digitization front.

Awards & Recognitions

During the year, the unique contribution of your Company was recognized on two halls of fame:

- Business today ranked SITI Cable among the Top 500 of "India's Most Valuable Companies"
- Indiantelevision.com honoured SITI Cable at Indian Digital TV Honours (IDTH) for fostering Local Cable Operator (LCO) partnerships

Media & Entertainment Industry

Indian Media and Entertainment (M&E) industry is one of the most versatile and vibrant industries of the world. It ranks amongst top three in the world with USA and China. As per FICCI-KPMG Indian Media & Entertainment Industry Report 2014, India's M&E industry reaches 161 million TV households today and is growing tremendously.

The Indian M&E industry grew from INR 821 billion in 2012 to INR 918 billion in 2013, registering an overall growth of 11.8 percent. It has the potential to grow at 14.2 per cent to more than ₹ 1.78 trillion (US$ 29.61 billion) in the next four years, as per the report. With growing population and consumer preferences thereof, the potential for the industry has a long way to go.

The Television industry in India is estimated at ₹ 417 billion in 2013 and is estimated to cross ₹ 885 billion by 2018 at a CAGR of 16.2%. Going forward, the entertainment industry is expected to benefit from the high penetration and a rapidly growing young population, combined with increased usage of 3G and portable devices. These technological advances are making Indian Media & Entertainment industry scale new heights rapidly.

With digitization across segments of the M&E industry, increase in TV viewers, packaging of channels by MSOs and innovative strategies to monetise digital content, the industry surely is on a sturdy path. With the growth in smart phones and new media, there is more to come for the industry to grow by leaps and bounds.

Cable TV Industry

Amidst the growth of the M&E industry, the penetration of Cable & Satellite (C&S) households increased from 84 % of total TV households in 2012 to 86 percent in 2013. The total number of C&S households increased by 9 million during 2013 to reach 139 millions, growth of 7% over last year.

The industry has successfully managed the roll out of Digital Addressable System (DAS) across both phases and is in process of initiating Phase-III and IV across the country. Despite some hiccups Phase-I & II saw significant progress in implementation of digitalization.

The industry is now gallant enough to reap the benefits of the new phase with enhanced capabilities and content management. Competition amongst the players in the form of content, packages and prices is governing the industry. Consumer preference is the utmost differentiation that the providers long for.

DIVIDEND

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

RIGHTS ISSUE OF SHARES – RECEIPTS AND UTILISATION

During the financial year 2009-10, your Company had allotted 23,67,67,351 equity shares of ₹1/- each issued at a price of ₹19/- per share (including premium of ₹18/- per share) aggregating to ₹4498.5 million. Your Company had received a sum of ₹4,488.27 million towards the rights issue of equity shares. The utilization of proceeds of the money received through rights issue by the Company as on March 31, 2014 are as under:

(₹ millions)

Object of Issue		Right Issue-Utilization of Total Receipt	Remaining Unutilized as on 31.03.2014
Repayment of certain of our existing unsecured loans	2733.38	2733.38	0.00
Funding our working capital requirements	275.97	265.90	10.07
Acquisition of MSOs and LCOs	186.70	141.80	44.90
Information technology infrastructure and ERP	0.30	0.30	0.00
General corporate purposes	1252.20	1231.27	20.93
Issue expenses	39.72	39.72	0.00
Total	**4488.27**	**4412.37**	**75.90**

EMPLOYEES STOCK OPTION SCHEME

Your Company has not granted any stock options during the year. Details of options granted till March 31, 2014 and other disclosures as required under Clause 12 – "Disclosure in the Directors' Report", of the SEBI (Employees Stock Option Scheme) Guidelines, 1999, as amended, are given in 'Annexure A' to this Report.

A Certificate from the Statutory Auditors of the Company M/s. Walker Chandiok & Co, Chartered Accountants, New Delhi, with respect to the implementation of Company's ESOP Scheme, will be placed before the shareholders in the next Annual General Meeting and a copy of the same shall be available for inspection at the Registered Office of the Company on all working days (except Saturday and Sunday) between 2.00 p.m. to. 5.00 p.m., up to the date of Annual General Meeting.

DIRECTORS

As per the provisions of the Companies Act, 2013 read with Article 97 of the Articles of Association, Mr.Subodh Kumar, IAS (Retd.), Director is liable to retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

As per Section 149 of the Act, which came in to effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation. Accordingly, resolutions proposing appointment of Independent Directors Mr.B.K.Syngal, Mr.Vinod Kumar Bakshi and Mr.Sureshkumar Agarwal, form part of Notice of Annual General Meeting.

During the year under review, Mr. Amit Goenka, Whole Time Director, has resigned from the office of Director of the Company effective from close of May 31, 2013. Mr.V.D.Wadhwa, who was appointed as Executive Director w.e.f. June 1, 2013, has resigned from the office of Director and Executive Director of the Company effective from close of September 24, 2013. However, Mr.Wadhwa continues to serve as Chief Executive Officer of the Company.

Brief Profile of Directors proposed to be appointed/re-appointed has been included in the Reports on the Corporate Governance forming part of the Annual Report.

SHARE CAPITAL

The Company had allotted 16,20,00,000 Warrants of ₹20/- per Warrants (Including premium of ₹19/- per Warrants) on March 19, 2013 to the promoter foreign entities, which as per the terms of allotment are convertible into equivalent number of Equity Shares at any time on or before expiry of 18 months from the date of allotment of such Warrants i.e. upto September 18, 2014, in one or more tranches, upon payment of balance 75% consideration amount of ₹ 15/- per Warrant.

During the period under review, upon receipt of balance consideration (i.e. ₹ 15/- per Warrants) aggregating to ₹ 2430 million, the Company has allotted 16,20,00,000 Equity Shares upon conversion of equal number of Warrants at an issue price of ₹ 20 per Share. Accordingly, the paid up equity share capital of the Company has increased from ₹ 452.21 million to ₹ 614.21 million (₹ 520.71 million as on March 31, 2014).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of requirement of Clause 49 of the Listing Agreement with the Stock Exchange(s) Management Discussion and Analysis Report, disclosing the operations of the Company, in detail, is separately provided as a part of Directors' Report.

CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance. Your Directors adhere to the stipulations set out in the Listing Agreement with the Stock Exchanges.

A separate section titled 'Corporate Governance' together with the certificate from M/s Balika Sharma & Associates, Practicing Company Secretary, confirming compliance with the requirements of Clause 49 of the Listing Agreement(s) with the Stock Exchanges, as also the Management Discussion and Analysis Statement, forms part of the Annual Report.

SUBSIDIARIES COMPANIES

During the year under review, the Indian Cable Net Company Limited, one of the subsidiary companies of the Company, has acquired 50.10% equity stake in Siti Maurya Cable Net Private Limited. Accordingly, during the year under review the number of subsidiary companies of the Company has increased to 14, as compared to 13 during the financial year 2012-13.

Statement pursuant to Section 212 of the Companies Act, 1956, relating to the subsidiaries is annexed to this Report as 'Annexure – B'.

The Ministry of Corporate Affairs, Government of India vide General Circular No.2/2011 dated February 8, 2011, has granted general exemption from the provisions of Section 212, subject to compliance of certain conditions as stipulated in the said General Circular, which *inter alia* include disclosures of specified financial highlights in consolidated balance sheet pertaining to each subsidiary. Your Board has decided to avail the said general exemption from applicability of provisions of Section 212 of the Companies Act, 1956, and accordingly, the Annual Accounts of all fourteen (14) subsidiary companies for the financial year ended March 31, 2014 are not being attached with the Annual Report of the Company. However, as per the requirement of para (iv) of the Direction issued under Section 212(8) of the Companies Act, 1956, by the Ministry of Corporate Affairs vide General Circular No.2/2011 dated 08/02/2011, the disclosures of specified financial highlights in consolidated balance sheet pertaining to each subsidiary have been made. The annual accounts of the subsidiary companies and related detailed information shall be made available to the shareholders seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholders at the Registered Office of the Company.

CONSOLIDATED FINANCIAL STATEMENTS

As stipulated by Clause 32 of the Listing Agreement with the Stock Exchanges, the attached Consolidated Financial Statements have been prepared in accordance with the Accounting Standard AS 21 – Consolidated Financial Statements read with Accounting Standard AS 23 – Accounting for Investments in Associates, and Accounting Standard AS 27 – Financial Reporting of Interests in Joint Ventures and forms part of the Annual Report.

AUDITORS

M/s. Walker Chandiok & Co., Chartered Accountants, New Delhi, the Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received communication from the Statutory Auditors confirming that their re-appointment, if made, would be within the limits prescribed under the Companies Act, 2013 and they satisfy the criteria specified in Section 141 of the Companies Act, 2013 read with Rule 4 of Companies (Audit & Auditors) Rules 2014.

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

PUBLIC DEPOSITS

During the year under review, your Company has not accepted or renewed any deposits within the meaning of Section 58A of the Companies Act, 1956 and rules made there under.

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

Your 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 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are not applicable.

However the information as applicable is given hereunder:

Conservation of Energy

Your Company, being a service provider, requires minimal energy consumption and every endeavor has been made to ensure optimal use of energy, avoid wastages and conserve energy as far as possible.

Technology Absorption

In its endeavor to deliver the best to its viewers and business partners, your Company has been constantly active in harnessing and tapping the latest and best technology in the industry.

Foreign Exchange Earnings and Outgo

Particulars of foreign exchange earnings and outgo during the year are given in Note Nos. 41 & 42 of the Standalone Notes to the Accounts forming part of the Financials Statements of the Company.

PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 ('Act') read with the Companies (Particulars of Employees) Rules, 1975 is required to be set out in an annexure to this Directors' Report. However, in terms of Section 219(1)(b) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining copy of the same may write to the Company Secretary at the Corporate Office. None of the employees listed in the said annexure are related to any Director of the Company.

GREEN INITIATIVES

During fiscal year 2011, we started a sustainability initiative with aim of going green and minimizing our impact on the environment. Like the previous years, this year too, electronic copies of the Annual Report 2014 and Notice of the 8th AGM are sent to all members whose email addresses are registered with the Company/Depository Participant(s). for members who have not registered their email addresses, physical copies of the Annual Report 2014 and the Notice of the 8th AGM are sent in the permitted mode. Members requiring physical copies can send a request at csandlegal@siticable.com duly quoting their DP ID and Client ID/Folio No., as the case may be.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, and based on representations received from the operating management, the Directors hereby confirm that:-

a) in the preparation of the Annual financial statements for the year ended March 31, 2014, the applicable Accounting Standards have been followed and there are no material departures;

b) they have selected such accounting policies in consultation with the statutory auditors and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended March 31, 2014 and the loss of the Company for that period;

c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

d) they have prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation of the contribution made by the employees at all levels. Your Directors also express their gratitude for the valuable support and co-operation extended by various Governmental Authorities, mainly Ministry of Information and Broadcasting, Ministry of Communication and Information Technology, Telecom and Regulatory Authority of India and other stakeholders including Local Cable Operators, Bankers, Financial Institutions, Viewers, Broadcasters, Vendors and Service Providers, and also look forward to their continued support in the future.

For and on behalf of the Board

B. K. Syngal	**Subodh Kumar**
Director	**Director**

Place : Delhi
Date : May 28, 2014

Annexure –A to Directors' Report

Disclosures as stipulated under the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 and forming part of Directors' Report for the year ended March 31, 2014

	Particulars	Grant of Options
a	Details of Options Granted and Exercise Price per Option	No options were granted during the Financial Year 2013-14
b	Exercise Price (₹)	The pricing formula as approved by the Shareholders of the Company, shall be the "market price" as per the SEBI Guidelines i.e. the latest available closing price prior to the date of grant of option at the Stock Exchange where there is highest trading volume.
c	Total no. of Options vested	4,87,000
d	Total no. of Options exercised	NIL
e	Total number of Shares arising as a result of Exercise of option	NIL
f	Options Lapsed (Nos.) during the financial year	69,040
g	Variation in terms of Options	6,09,000
h	Money realized by exercise of Options	NIL
i	Total Number of Options in force	5,82,860
J	Employee wise details of Options granted to:	
	(i) Senior Management Personnel	No options granted during the year
	(ii) Any other employee who received a grant in any one year of Options amounting to 5 % or more of Options granted during that year	NIL
	(iii) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
k	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20. 'Earning Per Share'	(2.26)

	Particulars		Grant of Options
l	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options. The impact of this difference on profits and on EPS of the Company shall also be disclosed.		The issuance of the equity shares upon exercise of option shall not affect the Profit & Loss Account of the Company, as the pricing formula as approved by the Shareholders of the Company is the market price as per the SEBI Guidelines i.e. latest available closing price prior to the date of grant of options at the Stock Exchange where there is highest trading volume
m	Weighted-average exercise prices and weighted-average fair values of options, separately for options whose exercise price either equals or exceeds or is less than the market price of the stock		Not Applicable
n	A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted-average information		Not Applicable
	(i)	Risk-free interest rate	
	(ii)	Expected life	
	(iii)	Expected volatility	
	(iv)	Expected dividends	
	(v)	The price of the underlying share in market at the time of option grant	

Annexure –B to Directors' Report

Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies and forming part of Directors' Report for the year ended March 31, 2014

Name of the subsidiary companies		**Indian Cable Net Company Limited**	**Central Bombay Cable Network Limited**	**Siticable Broadband South Limited**	**Wire and Wireless Tisai Satellite Limited**	**Master Channel Community Network Private Limited**	**Siti Vision Digital Private Limited**	**Siti Jind Digital Media Communications Private Limited**
The financial year of the subsidiary company ended on		March 31,2014	March 31,2014	March 31,2014	March 31,2014	March 31,2014	March 31,2014	March 31,2014
Extent of holding company's interest %		67.99%	100.00%	100.00%	51.00%	66.00%	51.00%	51.00%
Face Value of equity share (per share)		₹10/-	₹10/-	₹10/-	₹10/-	₹100/-	₹10/-	₹10/-
No. of equity shares held by the holding company and / or its subsidiaries		68,61,000	50,000	10,000	25,500	3,300	7,53,587	1,02,000
Net aggregate amount of profits/ (losses) of the subsidiary so far as it concerns the members of the holding company and is dealt with in accounts of holding company:	*For the financial year ended on March 31,2014 (₹ in Millions)*	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	For the previous financial years of the subsidiary since it became a subsidiary (₹ in Millions)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Net aggregate amount of profits/ (losses) of the subsidiary so far as it concerns the members of the holding company and is not dealt with in accounts of holding company:	*For the financial year ended on March 31,2014 (₹ in Millions)*	103.70	-23.63	-0.37	-1.04	13.07	37.68	1.14
	For the previous financial years of the subsidiary since it became a subsidiary (₹ in Millions)	62.19	-0.16	-0.10	-1.00	4.21	-14.26	-2.47

Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies and forming part of Directors' Report for the year ended March 31, 2014

Name of the subsidiary companies		**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 Guntur Digital Network Private Limited**	**Siti Faction Digital Private Limited**	**Siti Maurya Cable Net Private Limited**
The financial year of the subsidiary company ended on		March 31,2014	March 31,2014	March 31,2014	March 31,2014	March 31,2014	March 31,2014	March 31,2014
Extent of holding company's interest %		51.00%	51.00%	51.00%	51.00%	74.00%	51.00%	50.10%
Face Value of equity share (per share)		₹10/-	₹10/-	₹10/-	₹10/-	₹10/-	₹10/-	₹10/-
No. of equity shares held by the holding company and / or its subsidiaries		5,100	10,409	5,100	5,100	7,400	5,100	20,18,016
Net aggregate amount of profits/ (losses) of the subsidiary so far as it concerns the members of the holding company and is dealt with in accounts of holding company:	*For the financial year ended on March 31,2014 (₹ in Millions)*	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	For the previous financial years of the subsidiary since it became a subsidiary (₹ in Millions)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Net aggregate amount of profits/ (losses) of the subsidiary so far as it concerns the members of the holding company and is not dealt with in accounts of holding company:	*For the financial year ended on March 31,2014 (₹ in Millions)*	-5.22	0.72	-0.55	0.38	3.82	-4.38	9.17
	For the previous financial years of the subsidiary since it became a subsidiary (₹ in Millions)	-11.05	-3.34	0.03	0.00	0.42	0.21	0

Report on Corporate Governance

Corporate governance is an ethically driven business process that is committed to values aimed at enhancing an organisation's wealth generating capacity. This is ensured by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholder's expectations. At SITI Cable, it is imperative that our company affairs are managed in a fair and transparent manner. This is vital to gain and retain the trust of our stakeholders.

To succeed, we believe, requires highest standards of corporate behaviour towards everyone we work with, the communities we touch and the environment on which we have an impact. This is our road to consistent, competitive, profitable and responsible growth and creating long term value for our shareholders, our people and our business partners. The above principles have been the guiding force for whatever we do and shall continue to be so in the years to come.

In accordance with the requirement of Stock Exchange Regulations and provisions of the Listing Agreement, the compliance report on the Corporate Governance is reproduced hereunder:

BOARD OF DIRECTORS

a) *Composition & Category of Directors*

The Board of Directors ("Board") of the Company has an optimum combination of Executive, Non-executive and Independent directors, who have in-depth knowledge of business, in addition to the expertise in their areas of specialization. The Board provides leadership, strategic guidance and an independent view to the Company's management.

The Company has been in strict compliance of Board Composition requirement of the Listing Agreement. Composition of Directors as on March 31, 2014 is as follows:-

Category of Directors	No. of Directors	% of total No. of Directors
Non-Executive Independent Director	3	60
Other Non-Executive Director	2	40
Total	5	100

b) *Board Meetings & Procedures*

During the financial year under review, four (4) meetings of the Board were held on May 30, 2013, July 31, 2013, October 23, 2013 and February 13, 2014. The intervening period between any two Board Meetings were well within the maximum time gap of 4 months prescribed under Clause 49 of the Listing Agreement. The annual calendar of meetings is broadly determined at the beginning of each year. The Board meets at least once a quarter to review the quarterly performance and financial results of the Company.

Particulars of Directors, their attendance at the Annual General Meeting and Board Meetings mentioned hereinabove held during the Financial year 2013-14 and also their other Directorships held in Public Companies (excluding Foreign Companies and Section 25 Companies) and Membership of other Board Committees (excluding Remuneration Committee) as at March 31, 2014 are as under:

Name of Director	Attendance at		No of Directorship of other Public Companies*	No of memberships /Chairmanship of Board Committees#	
	Board Meetings (Total 4 Meetings)	7th AGM (held on 30.08.2013)		Membership	Chairmanship
Non-Executive Chairman					
Subhash Chandra	2	Yes	5	Nil	Nil
Non-Executive Independent Director					
B K Syngal	4	Yes	3	2	2
Sureshkumar Agarwal	3	Yes	1	2	Nil
Vinod Kumar Bakshi	4	Yes	2	4	Nil
Non-Executive Director					
Subodh Kumar	2	Yes	4	1	Nil
Executive Director					
V.D. Wadhwa@	2	Yes	-	-	-
Amit Goenka$	0	No	-	-	-

@ Resigned from the office of Director & Executive Director effective from close of September 24, 2013.

$ Resigned from the office of Director effective from close of May 31, 2013.

As required by Clause 49 of Listing agreement, disclosure includes the Chairmanship and membership in Audit Committee and Investor Grievances in Indian Listed Companies.

* Directorship includes the all public limited companies, whether listed or not, and all other companies including private limited companies, foreign companies and companies under Section 25 of the Companies Act shall be excluded.

None of the Directors on the Board is a member of more than ten (10) Committees (other than Remuneration Committee) or Chairman of more than five (5) Committees across all the companies in which he is a Director.

Board Meetings of the Company are governed by a structured agenda. All major agenda items, backed up by comprehensive background information, are sent well in advance of the date of the Board Meetings to enable the Board to take informed decision. Any Board Member may, in consultation with the Chairman, bring up any matter for consideration by the Board. Chief Executive Officer, Chief Financial Officer and/or Head of Finance and Accounts are invited to the Board Meetings to provide necessary insights into the working of the Company and for discussing corporate strategies.

The Board periodically reviews Compliance Reports in respect of laws and regulations applicable to the Company.

c) ***Brief profile of the Directors proposed to be appointed / re-appointed at the ensuing Annual General Meeting:***

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

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

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

Apart from the Company, Mr. Kumar holds directorship in Essel Finance Portfolio Managers Private Limited, Capstar Private Limited, Zee Learn Limited, Essel Utilities Distribution Company Limited, Essel Infraprojects Limited and Zee Entertainment Enterprises Limited.

Mr. Kumar does not hold any share in the Company.

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

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

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

Mr. Syngal does not hold any share in the Company.

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

Apart from the Company, Mr. Bakshi holds directorship in CottonConnect (South Asia) Private Limited, Zee Media Corporation Limited and Essel Shyam Communication Limited.

Mr. Bakshi does not hold any share in the Company.

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

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

Mr. Agarwal does not hold any share in the Company.

d) Code of Conduct

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

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

Declaration

I confirm that the Company has obtained from all Directors and Senior Management of the Company their affirmation of compliance with the 'Code of Conduct for Members of the Board of Directors and Senior Management' of the Company for the financial year ended March 31, 2014.

Subhash Chandra
Non-Executive Chairman
May 28, 2014

e) Whistle-Blower Policy

The Company promotes ethical behaviour in all its business activities and in line with the best international governance practices, the Company has established a system through which employees may report unethical business practices at work place without fear of reprisal. All employees have access to the members of Whistle-Blower Committee, so that the employees of the Company feel free and secure while lodging their complaints under the policy. The Whistle-Blower Protection Policy aims to:

- Allow and encourage employees to bring to the Management notice concerns about unethical behaviour, malpractice, wrongful conduct, actual or suspected fraud or violation of policies.
- Ensure timely and consistent organizational response.
- Build and strengthen a culture of transparency and trust.
- Provide protection against victimization.

The above mechanism has been appropriately communicated within the Company across all levels and has been displayed on the Company's intranet as well as on the Company's website www.siticable.com

BOARD COMMITTEES

a) Audit Committee

Terms of reference

The role and the powers of the Audit Committee are as per guidelines set out in Clause 49 of the Listing Agreement(s) and provisions of Section 292A of the Companies Act, 1956. The Committee meets periodically and reviews:

- Accounting and financial reporting process of the Company;
- Audited and un-audited financial results;
- Internal audit reports & report on internal control system of the Company;
- Business plans, and various reports placed by the Management;
- Material related party transactions; and

- Discusses the larger issues that could be 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 business and size of operations.

The Audit Committee also reviews adequacy of disclosures and compliance with all relevant laws. In addition to the foregoing, in compliance with requirements of Clause 49 of the Listing Agreement(s), the Audit Committee reviews operations of subsidiary companies viz., its financial statement, significant related party transactions, statement of investments and minutes of meeting of the Board and Committees.

Audit Committee meetings are generally attended by the Chief Financial Officer and representative of Statutory Auditors of the Company. Internal Auditors have attended Audit Committee Meetings wherein the Internal Audit reports were considered by the Committee. The Company Secretary acts as the Secretary of the Audit Committee.

Constitution

As on March 31, 2014 the Audit Committee comprises of Mr. B.K. Syngal, Non-Executive Independent Director as Chairman and Mr. Vinod Kumar Bakshi, Non-Executive Independent Director and Mr.Sureshkumar Agarwal, Non-Executive Independent Director. On the resignation of Mr.V.D.Wadhwa from the office of Director & Executive Director, he ceased to be the member of Audit Committee.

During the financial year 2013-14, five (5) meetings of the Audit Committee were held on May 30, 2013, July 31, 2013, October 4, 2013, October 23, 2013 and February 13, 2014.

The details of Composition of the Audit Committee, which complies with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement(s) along with attendance of the Committee Members at the meetings held during the financial year 2013-14 are as detailed herein:-

Name of Directors	Category	No. of Meetings attended
Mr. B. K. Syngal	Non Executive – Independent	5
Mr. Sureshkumar Agarwal	Non Executive – Independent	4
Mr. Vinod Kumar Bakshi	Non Executive – Independent	5

b) Remuneration Committee

Terms of reference

The terms of reference of the Remuneration Committee, *inter alia,* consist of reviewing the overall compensation policy, service agreements and other employment conditions of Executive Director(s) and also administers grant of stock options to the employees under Company's ESOP scheme. The remuneration, if any, of Executive Director is decided by the Board of Directors on the recommendation of the Remuneration Committee as per the remuneration policy of the Company within the overall ceiling approved by shareholders.

Constitution

As on March 31, 2014 the Remuneration Committee comprises of Mr. B.K. Syngal, Non-Executive Independent Director as Chairman and Mr.Sureshkumar Agarwal, Non-Executive Independent Directors and Mr.Vinod Kumar Bakshi, Non-Executive Independent Director as its members. Mr.Bakshi was appointed as member of Remuneration Committee w.e.f. May 30, 2013. The Company Secretary is the Secretary to the Committee.

During the financial year 2013-14, two (2) meetings of the remuneration committee were held on May 30, 2013 and October 23, 2013.

The details of Composition of the Remuneration Committee, which complies with the requirements of Clause 49 of the Listing Agreement(s) along with attendance of the Committee Members at the meetings held during the financial year 2013-14 are as detailed herein:-

Name of Directors	Category	No. of Meetings attended
Mr. B. K. Syngal	Non Executive – Independent	2
Mr. Sureshkumar Agarwal	Non Executive – Independent	2
Mr. Vinod Kumar Bakshi	Non Executive – Independent	2

Remuneration to Executive Director.

During the financial year 2013-14, Mr. V.D.Wadhwa was appointed as Executive Director of the Company w.e.f. June 1, 2013. He tendered his resignation from the office of Director & Executive Director Company w.e.f. close of September 24, 2013. Mr. Anil Kumar Malhotra was appointed as Manager of the Company w.e.f. October 23, 2013.

The remuneration paid to Executive Director and Manager are subject to the limits laid down under Sections 198, 269, 309, 310, 311 read with Schedule XIII of the Companies Act, 1956 and other applicable provision. Their remunerations are recommended by the Remuneration Committee based on factors such as the Company's performance and their respective performance/ track records. The elements of the remuneration package comprises of salary, perquisites & allowances comprising of Company maintained accommodation or house rent allowance, personnel allowance, leave travel allowance, club membership / facilities, use of chauffeur driven Company car, telecommunication facilities at residence and other perquisites and allowances including Company's contribution to provident fund, gratuity and leave encashment facilities in accordance with rules of the Company.

The details of the remunerations paid to Executive Director & Manager of the Company during the year ended 31 March, 2014 are as under:

Particulars	Mr.V.D.Wadhwa (Executive Director) (₹)	Mr.Anil Kumar Malhotra (Manager) (₹)
Salary & Allowances	44,53,808*	28,48,819**
Perquisites		
Provident Fund Contribution	2,72,219*	1,36,086**

* from June 1, 2012 till September 24, 2013

** from October 23, 2013 till March 31, 2104

Remuneration payable to Non-Executive Directors

Non-Executive Directors are entitled to sitting fees of ₹ 20,000/- per meeting for attending the meetings of the Board and Committees thereof. The Non-Executive Independent Directors of the Company do not have any other material pecuniary relationships or transactions with the Company or its directors, senior management, subsidiary or associate, other than in normal course of business.

c) Share Transfer and Investors Grievance Committee

Terms of reference

Terms of reference of Share Transfer and Investors Grievance Committee are to supervise and ensure efficient transfer of shares and proper and timely attendance to investors' grievances. The Committee has delegated the power of approving requests for transfer, transmission, rematerialization, dematerialization, etc. of shares of the Company to the Company Secretary of the Company.

Constitution

As on March 31, 2014, the Share Transfer and Investors Grievance Committee comprises of Mr. B.K.Syngal, Non-Executive Independent Director as Chairman, and Mr.Sureshkumar Agarwal, Non-Executive Independent Director and Mr.V.D.Wadhwa, Chief Executive Officer as its member. Mr. Suresh Kumar, Company Secretary of the Company is Compliance Officer of the Company.

During the financial year 2013-14, one (1) meeting of the Share Transfer and Investors Grievance Committee was held on October 23, 2013.

The details of Composition of the Share Transfer and Investors Grievance Committee, which complies with the requirements of Clause 49 of the Listing Agreement(s) along with attendance of the Committee Members at the meetings held during the financial year 2013-14 are as detailed herein:-

Name of Directors	Category	No. of Meetings attended
Mr. B. K. Syngal	Non Executive – Independent	1
Mr. Sureshkumar Agarwal	Non Executive – Independent	1

Details of number of requests/complaints received and resolved during the year ended March 31, 2014 are as under:

Nature of Correspondence	Received	Resolved/ Replied	Pending
Non-receipt of Annual Report	0	0	0
Non-receipt of Dividend Payment	0	0	0
Non-receipt of Shares	1	1	0
Complaints received from SEBI	2	2	0
Complaints received from NSE	1	1	0
Complaints received from BSE	2	2	0
Complaints received from ROC/ others	0	0	0
Total	6	6	0

GENERAL MEETINGS

The Eighth Annual General Meeting of the Company for the Financial Year 2013-14 will be held on Tuesday, August 12, 2014 at 4:00 p.m. "Ravindra Natya Mandir", Near Siddhivinayak Temple, Sayani Marg, Prabhadevi, Mumbai – 400 025.

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
2012-13	Friday, August 30, 2013, 3:30 p.m.	'Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018	Appointment of Mr.V.D.Wadhwa as Executive Director of the Company.
2011-12	Thursday, August 30, 2012, 3:30 p.m.	'Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018	Change of Name of the Company from "Wire And Wireless (India) Limited" to "Siti Cable Network Limited"
2010-11	Tuesday, July 26, 2011, 3:30 p.m.	'Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018	None

All the above special resolutions were passed with requisite majority.

No Ordinary or Special resolutions were passed through Postal Ballot during Financial Year 2013-14. None of the resolutions proposed for the ensuing Annual General Meeting needs to be passed by Postal Ballot.

Disclosures

There are no materially significant related party transactions between the Company and its promoters, directors or management personnel or their relatives, having any potential conflict with interests of the Company at large. Transactions with related parties are disclosed elsewhere in the Annual Report.

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

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. Such information is also simultaneously displayed immediately on the Company's website, www.siticable.com. The financial results, quarterly, half yearly and annual results and other statutory information were communicated to the shareholders by way of an advertisement in a English daily viz. 'Daily News & Analysis (DNA)' and in a vernacular language newspaper viz. 'Punya Nagari (Marathi)' as per requirement of the Listing Agreement.

Management Discussion and Analysis:

This annual report has a detailed section on Management Discussion and Analysis.

General Shareholders Information

The required information is provided in Shareholders Information Section.

Corporate Governance Compliance Report

To,
The Members
Siti Cable Network Limited

I have examined the records of the Company as to the compliance of conditions of Corporate Governance by Siti Cable Network Limited, ('the Company') for the financial year ended March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

In my opinion and to the best of my information and according to the explanations given to me and the representations made by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

I state that generally no investor grievances are pending for a period exceeding 30 days, against the Company as per the records maintained by the Company.

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

Balika Sharma
Company Secretary
Membership No. FCS 4816
CP No. 3222

Place: Delhi
Dated: 28.05.2014

Shareholder's Information

1.	**Annual General Meeting**		
	◆ **Day & Date**	:	Tuesday , August 12, 2014
	◆ **Time**	:	4:00 p.m.
	◆ **Venue**	:	"Ravindra Natya Mandir", Near Siddhivinayak Temple, Sayani Marg, Prabhadevi, Mumbai – 400 025.
2.	**Financial year**	:	April 1, 2013 to March 31, 2014
3.	**Book Closure Date**	:	August 6, 2014 to August 12, 2014 (both days inclusive)
4.	**Dividend Payment Date**	:	The Board has not recommended any dividend for the Financial Year 2013-14.
5.	**Address of Correspondence Registered Office**	:	135, Continental Building, Dr. Annie Besant Road, Worli, Mumbai - 400 018. India Phone No.:+91- (022) 24831234 Fax No.: +91 -(022) 24955974 Email :- csandlegal@siticable.com Website : www.siticable.com
	Corporate Office	:	Building No: FC 9, Gate No -3 Sector 16 A, First Floor, Film City, Noida (UP) – 201301 Ph No.: +91-(0120) 4526757 Fax No.: +91- (0120) 4265232
6.	**Listing on Stock Exchange**	:	BSE Limited (BSE) The National Stock Exchange of India Limited (NSE)
7.	**Scrip Code**	:	BSE - 532795 NSE - SITICABLE-EQ
8.	**Corporate Identification Number**	:	L64200MH2006PLC160733
9.	**ISIN No.**	:	INE965H01011
10.	**Registrar & Share Transfer Agent**	:	Sharepro Services (India) Private Limited 13 AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072. Tel: +91-22-67720400, Fax: +91-22-28591568 Email: sharepro@shareproservices.com
11.	**Investor Relation Officer**	:	Mr. Laxman Singh Kaira Assistant Manager Company Affairs, Siti Cable Network Limited Madhu Industrial Estate, "A" Wing, 4th Floor, Pandurang Budhkar Marg, Worli Mumbai -400013. Ph No.: +91-22-24992020. Fax: +91-22-24992000. Email :- csandlegal@siticable.com

12. Change of Address

Members holding Equity shares in physical forms are requested to notify the change of address, if any, to the Company's Registrar and Share Transfer Agents, at the address mentioned above.

Members holding equity shares in Dematerialized form are requested to notify the change of address, if any, to their respective Depository Participants (DP).

13. Share Transfer System

Equity Shares sent for physical transfer or for dematerialization are generally registered and returned within a period of 15 days from the date of receipt of completed and validity executed documents.

14. Dematerialisation of Equity Shares / Debentures and Liquidity

To facilitate trading in demat form, the Company has made arrangement with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shareholder/ Debenture holders may open account with any of the Depository Participants registered with any of these two depositories. As on 31.03.2014 86.76% of the equity shares of the Company are in dematerialized form. The entire shareholding of the promoters in the Company are held in dematerialized form, except 6,35,00,000 equity shares allotted to the foreign promoter entities on March 25, 2014 upon conversion of equal number of warrants issued on preferential basis, which were dematerialized after completion of listing requirement and corporate action with depositories.

16. Shareholder's Correspondence

The Company has attended to all the investor's grievances/ queries/ information requested and every endeavor is made to reply all letters received from the shareholders within a period of 5 Working days.

All the correspondence may please be addressed to the Registrar and Share Transfer Agent at the address given above. In case any shareholder is not satisfied with the response or do not get any response within reasonable period, they may approach the Investor Relation officer at the address given above.

17. Disclosure pursuant to Clause 5A of the Listing Agreement

As per clause 5A of the Listing Agreement inserted as per SEBI notification no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009, the details in respect of the shares, which were issued from time to time and lying in the suspense account, as under:-

Description	No. of Shareholders	No. of Equity Shares
Aggregate number of shareholders and the outstanding shares as on April 1, 2013	90	52417
Number of shareholders who approached the Company for transfer of shares from suspense account till March 31, 2014	NIL	NIL
Number of shareholders to whom shares were transferred from the suspense account till March 31, 2014	NIL	NIL
Aggregate number of shareholders and the outstanding shares in the suspense account as on March 31, 2014	90	52417

The voting rights on the shares outstanding in suspense account as on March 31, 2014 shall remain frozen till the rightful owner of such shares claims the shares. In compliance with the said requirements, these shares will be transferred into a single folio in the name of 'Unclaimed Suspense Account' in due course.

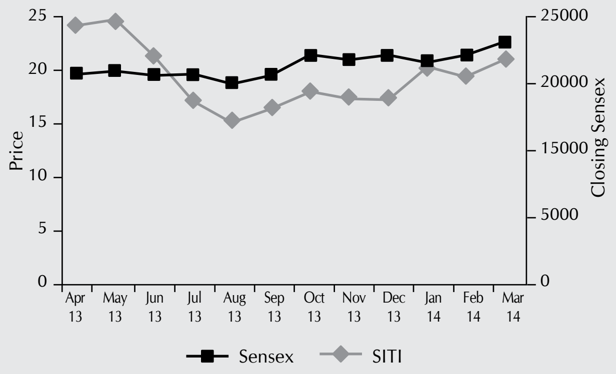
18. Stock Market Data relating to shares Listed in India

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 2013-14 are given as under:-

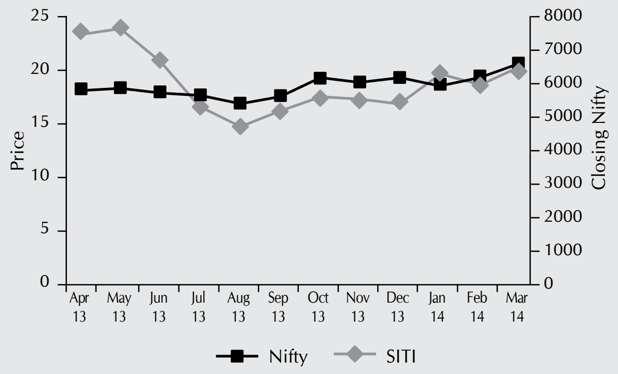
Month	BSE			NSE		
	High (in ₹)	Low (in ₹)	Traded Quantity	High (in ₹)	Low (in ₹)	Traded Quantity
April 2013	27.10	22.25	84,18,416	27.20	22.10	1,82,20,497
May 2013	28.45	23.25	67,49,863	28.45	23.30	1,55,16,839
June 2013	25.35	20.00	53,50,172	25.40	20.00	72,83,800
July 2013	22.45	15.10	26,27,458	22.45	14.55	82,99,977
August 2013	17.80	13.05	63,73,247	17.80	13.00	1,05,27,133
September 2013	19.25	14.75	39,88,497	19.25	14.45	71,04,314
October 2013	21.35	16.30	24,90,951	21.45	16.15	61,39,772
November 2013	18.80	16.40	26,75,056	18.85	16.40	68,81,025
December 2013	19.65	16.00	61,67,029	19.55	16.10	1,10,66,877
January 2014	23.20	17.00	66,88,613	23.25	16.95	2,14,95,799
February 2014	20.50	18.40	49,19,084	20.45	18.45	60,35,852
March 2014	21.50	18.45	48,68,210	21.45	18.40	1,30,71,898

19. Relative performance of the shares of Siti Cable Network Limited Vs. BSE Sensex & Nifty Index:

a. BSE Closing Monthly Price (month end) vs Closing Monthly BSE Sensex (Month End)



b. NSE Closing Monthly Price (Month End) vs Closing Monthly CNX Nifty (Month End)



20. Distribution of Shareholding as on March 31, 2014

Description	Share Holders		No. of Shares	
	Number	% of Holders	Number	% of Shares
Upto 5000	134986	98.61	4,18,85,390	8.04
5001-10000	936	0.69	70,16,608	1.35
10001-20000	451	0.33	66,28,175	1.27
20001-30000	137	0.10	33,90,669	0.65
30001-40000	69	0.05	24,14,876	0.47
40000-50001	56	0.04	25,64,004	0.49
50001-100000	120	0.09	86,89,884	1.67
100000 and above	129	0.09	44,81,23,309	86.06
Total	**136884**	**100.00**	**52,07,12,915**	**100.00**

21. Categories of Equity Shareholder as on March 31, 2014

Particulars	No. of Share held	% of shareholding
Promoter	35,37,42,427	67.93
Individual	8,93,11,038	17.15
Financial Institutions, Mutual & Banks	1,37,14,453	2.63
Indian companies	4,13,25,806	7.94
Trust	8,018	0.00
FII,NRI & OCBS	2,26,11,173	4.34
Total	**52,07,12,915**	**100.00**

22. Particulars of Shareholding

a) Promoters Shareholding as on March 31, 2014

S. No.	Name of the shareholder	No. of Share held	% of shareholding
1.	Direct Media Solutions Private Limited	14,00,00,000	26.89
2.	Agamesh Builders Private Limited	5,15,69,898	9.90
3.	Bioscope Cinemas Private Limited	5,06,70,529	14.32
4.	Digital Satelite Holdings Private Limited	1,98,00,000	3.80
5.	Essel Media Ventures Limited	5,87,14,951	11.28
6.	Essel International Limited	3,19,66,049	6.14
7.	Ashok Mathai Kurien	10,21,000	0.20
	Total	**35,37,42,427**	**67.93**

b) Top Ten (10) Public Shareholding as on March 31, 2014

S. No.	Name of the shareholder	No. of Share held	% of shareholding
1.	Religare Finvest Ltd	95,25,742	1.83
2.	Kotak Mahindra Investments Ltd	90,31,596	1.74
3.	DSP Blackrock Micro Cap Fund	61,04,155	1.17
4.	Amal Niranjan Parikh	55,11,400	1.06
5.	Goldman Sachs India Fund Limited	37,96,651	0.73
6.	Silver Stallion Limited	37,94,228	0.72
7.	Route One Investment Company, L.P. A/C Route	29,59,050	0.56
8.	Sundaram Mutual Fund A/C Sundaram Smile Fund	27,00,000	0.52
9.	Route One Investment Company, L.P. A/C Route	26,89,750	0.51
10.	Manish Lakhi	25,50,000	0.48
	Total	**4,86,62,572**	**9.32**

Management Discussion and Analysis

1.0 Overview of the Economy

1.1 Global Economy

The global economy achieved 3% growth rate during the year as compared to 3.2% last year. Advanced Economies closed at 1.3% growth compared to 1.4% growth in 2012. The emerging and developing economies grew at 4.7% compared to 5% last year. The impact of the slowdown has slowly begun to diminish as the economic growth gained momentum during the second half. This momentum is expected to continue during the year 2014 and 2015 given the inter-country trade also gradually picking up. IMF projects the growth of emerging economies to drive global GDP growth based on upsurge in demand from advanced economies.

1.2 Indian Economy

Indian economy grew at 4.4 % in 2013, 0.7% lower than the previous year, as is with the other economies. Agriculture production grew at a decent pace during the year to bring about the highest output ever. A good monsoon and a favorable demand led to a growth of 4.7% compared to 1.4% growth during 2012. Industrial sector witnessed sluggish capital investment and lack of demand continuing from the last year which has pulled the sector to de-grow at -0.7% during the year. The services or the tertiary sector continued its growth trajectory to finish the year with a growth in almost all sectors forming part of it.

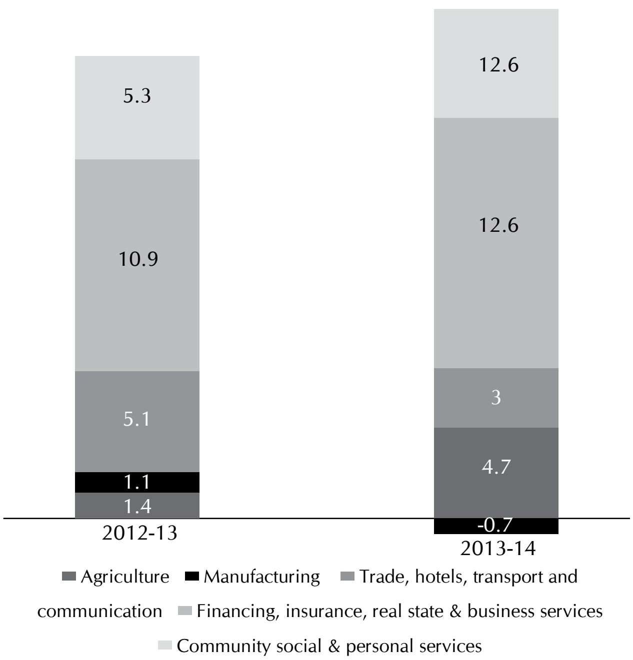
2.0 Overview of the Industry

2.1 Media & Television (M&E) Industry

The industry grew at 11.8% during the year to reach ₹ 918 billion in value v/s ₹ 821 billion in 2012. The industry has also grown at a CAGR of 11.83% since 2009 and is estimated to grow at a CAGR of 14.2% between 2013 and 2018 to reach ₹ 1786 billion. (Source: FICCI and KPMG Report 2014)

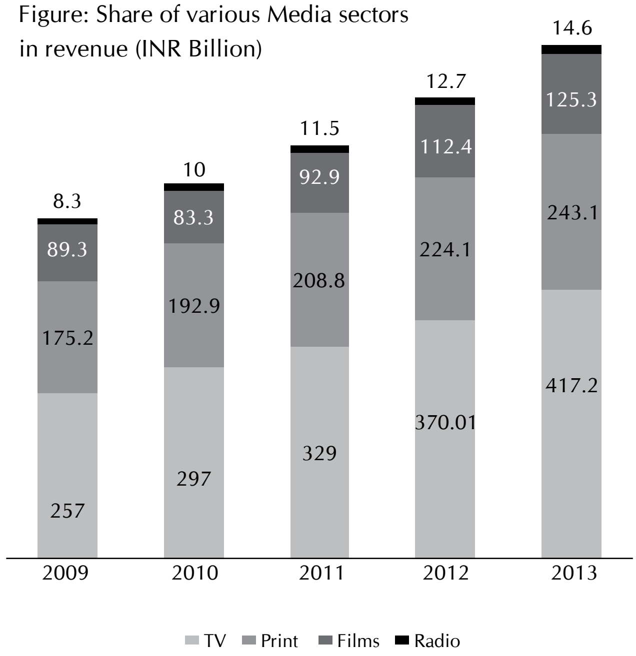
The year 2013 was one of test and perseverance for the industry at large. Advertising and gaming were the two segments which grew immensely over last year. Advertising grew by 38.7% and gaming grew by 25.5%. All other segments of the industry- TV, Media, Radio, Films etc also grew to a significant level over last year.

Growth by Sectors in India (%)



Source: CSO

Figure: Share of various Media sectors in revenue (INR Billion)



Source: FICCI & KPMG Report 2014

The changing consumer preferences and more demand for entertainment through all mediums is gaining traction and there is growing switch towards different forms like Gaming and Animation which are growing at a sturdy rate since the past 5 years.

With growing incomes and knowledge about technology, increasing usage of smart phones etc is making the consumers shift to these mediums at an increasing speed. Going forward, this is expected to continue with more people joining the troupe of media and entertainment.

Increasing government support to television, film and print fraternity is also securing the future of the industry to rise to the challenges with its capabilities. FDI funding to Television, films, print and animation etc is helping these sectors to grow at par with international counterparts.

2.2 Television Industry

Television industry has been consistently dominating revenue share of the M&E industry in India. It contributes more than 45% to the overall M&E revenue. It grew by 12.7% during 2013 over 2012 to reach ₹ 417.2 billion compared to ₹ 370 billion last year.

With the government support through the Ministry of Information and Broadcasting, the industry has come up a long way and is continuing on the path of transformation to Digitisation. With the cable industry and the Direct-To-Home (DTH) channels, the sector is moving towards an organized structure.

2.2.1 Digitisation

In December 2011, the Indian government passed 'The Cable Television Networks (Regulation) Amendment Act' for Digitisation of cable television networks. Under the arrangement, the cable operators are legally bound to transmit only the digital channels which the customer would access through a set-top box. The customer's access would be limited to the channels he subscribes to. This process is yet to start its last two phases post completion of first two phases with encouraging response.

Advantages of Digitisation

- Consumer Preference – With Digitisation, consumer preference is given prime importance as the consumer now can choose from the channels he wishes to watch. Under Conditional Access System (CAS) previously, the consumer had the option

Figure: Television has a dominant share in M&E Revenue (%)

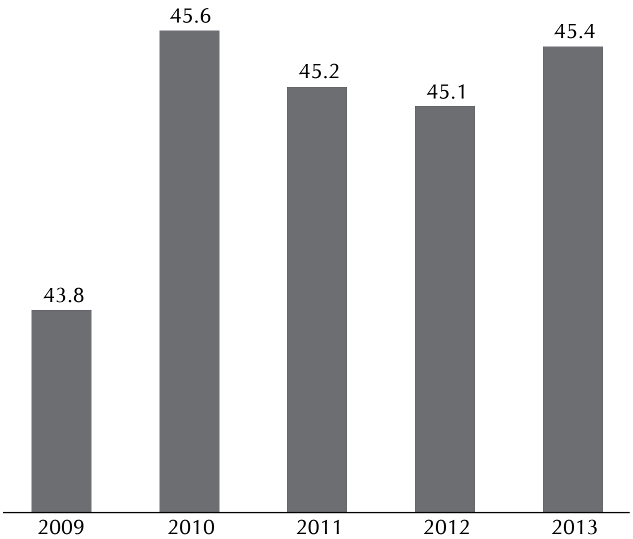
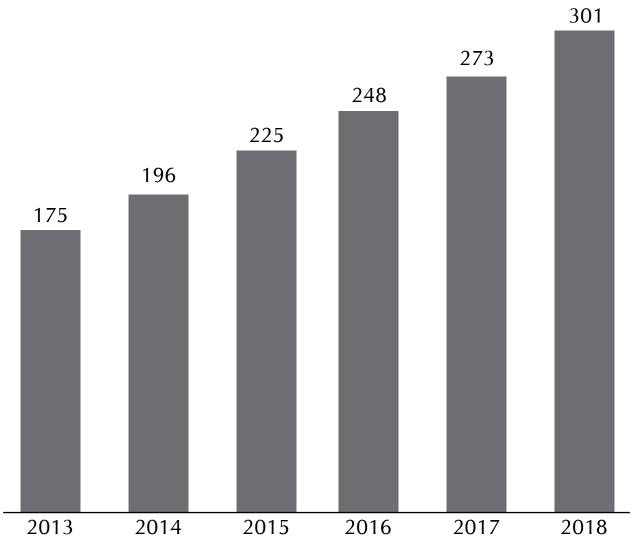


Figure: Increase in Average Revenue per User for Cable Industry with Digitisation



Source: FICCI & KPMG Report 2014

only to watch the free-to-air analog channels which would mean a compromise on preference. With Digitisation, this is taken care as the consumer now can watch and pay for all the channels he wishes to watch.

- Transparency – With consumer having access to his account with the MSO, there is more clarity to the consumer on the channels and packages he could subscribe to. The subscriber declaration level is expected to increase to 100% with Digitisation which was not more than 15–20% previously when the system was under local cable operators (LCOs) to multiple system operators (MSOs).
- Average Revenue Per User – With higher scope of introduction of new channels with Digitisation, ARPU levels are expected to increase. From ₹ 175 in 2013, it is expected to rise to ₹ 301 in 2018 at a CAGR of 11.5%.

2.2.2 Industry Outlook

The growth of internet users has already touched 239 million, there is a lot of potential that is still unexplored. With the DAS rollout halfway through, there has been a positive response to the Digitisation and more and more people are attracted towards the benefits it brings. Direct-to-home (DTH) and cable industry are moving ahead simultaneously, which keeps the competitive momentum going between the two modes of digital vision. The customer is keen to receive a preferential and transparent treatment which the cable providers are catering to. This is providing and keeping the mix balanced between DTH and Cable TV.

Going forward with more options of value-added services like internet, HD pictures and on-demand channels, the Cable industry is set to achieve new milestones.

3.0 SITI Cable Networks Limited – Business Overview

3.1 Performance overview

During the year, the Company focused on increasing its subscriber base by increasing the outreach to 80 cities. We complied by the Digitisation regime and TRAI regulations and are progressing on smoothly with phase I and II. The Company entrenched its subscribers to 4 million during the year.

REVENUE: The Company's overall revenue grew by 46% to reach ₹ 7103 million from ₹ 4837 million in FY12. Our subscription income also grew by 181% overall to reach ₹ 3395 million from ₹ 1207 million in FY12. Digital subscription revenue grew by 630% over last fiscal. Overall sale of set-top boxes also scaled revenue of ₹ 106 million compared to ₹ 39 million last year, highlighting the impact of Digitisation.

EBITDA: EBITDA grew by 45% to reach ₹ 1259 million compared to ₹ 870 million during the last fiscal. The growth in consolidated operating profit can be seen as an outcome of digitisation and STB penetration.

PROFIT AFTER TAX: PAT for the Company was marred by the initial hiccups of digitisation and the infrastructural arrangements. During the year, the loss for the Company stands at ₹ 942 million compared to ₹ 641 million last year. But we expect this loss to be covered up soon once the digitisation moves/completed.

CARRIAGE COSTS: Carriage sharing, pay channel and related costs have also gone up with more investment into set-top boxes, Digitization in Phase 2, Commencement of Package based billing & recognition of related expenses and infrastructure for new and renewed connections with digitisation. During the year, the expenses grew by 43% to reach ₹ 3340 million from ₹ 2343 million last year.

EMPLOYEE BENEFIT COSTS: The expansion of business coupled with manpower rationalization have led to an increase in employee benefit costs from ₹ 319 million to ₹ 381 million in FY14.

FINANCE COSTS: The finance costs of the Company have also gone up to ₹ 1191 million compared to ₹ 864 million in FY 13 owing to interest and increase in bank charges for procurement of STB and infrastructure preparedness for digitisation.

SHARE CAPITAL: The Share capital of rose from ₹ 452.85 million to ₹ 521.35 million during the year, owing to the promoter warrant funding.

RESERVES & SURPLUS: The reserves and surplus went down from ₹ 1922.82 million to ₹ 1582.98 million in FY 14.

FIXED ASSETS: The Fixed assets of the Company increased from ₹ 8,808 million to ₹ 10,501 million during the year. Gross block rose to ₹ 8568.26 million from ₹ 6611.17 last year. Net Block also went up to ₹ 5,241.63 from ₹ 4,046.72 in FY 12.

CURRENT ASSETS: Total current assets stood at ₹ 7,728.69 million as on March 31, 2013 from ₹ 3,148.54 million as on March 31, 2012.

CURRENT LIABILITIES: The current liabilities stood at ₹ 5,923.43 million compared to ₹ 3,808.80 million at the end of the fiscal year.

3.2 Operational Overview

Being a pioneer in Digitisation, your Company has been following the path with zeal. The overall scenario for the Company is conducive and in sync with the growth of the industry. Increased outreach, manifold increases in overall subscription revenues are all testimony of a good all round performance.

During the year, gross billing started in Delhi, Mumbai, Kolkata and Jaipur marking a successful beginning of digitisation era for your Company. The Company is also geared up for the next two phases (III & IV) with all preparedness.

We expanded our LCO network to 9500 LCO's across 80 cities. The unique relationship that we share with our LCOs speaks volumes for us through entrenched reach out. The 25% carriage revenue share that we mark for the LCOs keeps their development abreast with ours.

The work your Company has done so far was recognized by Business today which ranked SITI Cable among the Top 500 of "India's Most Valuable Companies". We also got recognition from Indiantelevision.com at Indian Digital TV Honors (IDTH) for fostering Local Cable Operator (LCO) partnerships.

3.3 Risk and Opportunities

The Company has been moving ahead amongst its peers in terms of technology, infrastructure, and digitisation. Moving with the industry and ahead of the peers is what comes intrinsic to SITI. Through its foresightedness, the Company has made it apparent that it has the right mind set and capabilities to outgrow the obsolete.

Within the cable industry, your company identifies the following risks and opportunities that it can tap going into the next year and beyond.

- **Change in consumer preference** – With a preference for digital and HD vision, there has been a drastic change in the consumer preference over the years. With Cable TV industry moving towards the drift positively, we see a huge opportunity ahead of us given our stance today. Today's consumer is more demanding, he wants more entertainment and lively channels which SITI Cable has been catering to through differentiated packages and conducive prices. We have built a rapport with the customer which we would want to take ahead through more and more efforts on consumer satisfaction. Going ahead, the FICCI-KPMG report 2014 predicts that the cable & satellite customer base to go up to 181 million in 2018 from the present level of 139 million.

  To keep up the challenge, we are already inclined to build ourselves formidable through improved offerings in terms of pricing, channels, packages etc. Amidst our peers, we are already staying abreast of consumer preferences and are continuously following up with the consumers through our customer care and LCO networks.

- **Fierce Competition from Direct-to-Home** – It is predicted that once the digitisation process is up and running completely, there would be a fierce competition between DTH and digital cable. Your Company would want to explore all avenues and kill the competition to the end possible through advancements in offerings. With our offerings which are better than the DTH regime, we are at an edge over DTH. However, we are still improving on our service through concerted efforts.

  - Unlike DTH, we have advantages like uninterrupted services even during bad weather
  - We provide a wide range of city-specific regional channels
  - Ease in installation as there is no requirement of dish

- High Channel carrying capacity
- Better local infrastructural arrangement due to LCO association

Given these advantages, once the consumer awareness is created towards cable TV, we are sure of capturing more markets.

- **Competitive Value-Added services** – With growth in competition, upsurge in value-added services cannot be ruled out. To this effect, your Company has already started working towards offering Broadband to its customers. Already a pilot of the same has been planned for the Delhi market. More services like HD and Video-on demand are also in future pipeline. Your Company is planning to add more such services going forward to tap the markets.

- **Regulatory Changes:** Any change in regulation from the government or TRAI could impact our business hard. To this effect, we move in close proximity to the regulatory bodies and keep a continuous check on the developments in all spheres affecting our business.

- There is a huge opportunity for the growth and proliferation of broadband services in India. With the digitisation of cable services, your Company is best positioned to satisfy the growing market demand for internet across India. Your Company is upbeat about the untapped opportunities in the Indian broadband segment. Given such a market opportunity, your Company has already initiated plans to provide broadband services over DOCSIS (max 300 Mbps), OTT, HD services in Delhi market to begin with have better user experience.

3.4 Internal Control Systems

The Company carries out regular audits and checks to strengthen its internal operations through a team. Being functional through LCOs in different cities, a proper system of follow up and control is being followed. The Company ensures regular reporting and management of the audits to the Board of Directors who could then suggest appropriate changes.

3.5 Human Resource Development

The Company invests in its human capital continuously. Throughout the tenure, the development of the individual is being taken care of through proper training, induction and developmental sessions. The Company runs a “Know Your Talent” module at the recruitment stage for the intake of suitable people. The employees are motivated to perform well through rewards and recognitions programs. Job opportunities within the system are also filled in through internal communications to retain the talented pool.

3.6 Company Outlook

With more services being added, more investment being done into technology and infrastructure to carry to the next league of digitisation, your Company has prepared itself for the opportunities ahead well in time. With continued guidance from the management, talented human resource and well developed operations, the Company has been performing well in all segments. Its plan to venture into broadband and other value-added services is also helping it retain its strong position intact in the industry. Being one of the largest MSOs with a presence in over 80 cities, the Company has positioned itself strongly in the industry. Going forward, the endeavor is towards enhancing the position even further through more efforts to capture newer and strategic markets.

Company intends to accentuate the building relationship amongst its existing LCO and broadcasting network to reap the benefits of the new developments in the industry with the advent of digitization.

Certification on Financial Statements of the Company

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

a. We have reviewed financial statements and the cash flow statement of the Company for the year ended March 31, 2014 and that to the best of our knowledge and belief :

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2014 are fraudulent, illegal or violative of the Company's Code of Conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. During the year :-

   - there has not been any significant change in internal control over financial reporting;
   - there have not been any significant changes in accounting policies; and
   - there have been no instances of significant fraud of which we are aware that involve management or other employees having significant role in the Company's internal control system over financial reporting.

V. D. Wadhwa
Chief executive Officer

Sanjay Goyal
Chief Financial Officer

Place : Delhi
Date : 28.05.2014

Independent Auditors' Report

To the Members of SITI Cable Network Limited (formerly Wire and Wireless (India) Limited)

Report on the Financial Statements

1. We have audited the accompanying financial statements of SITI Cable Network Limited (formerly Wire and Wireless (India) Limited), ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the 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:
   i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
   ii) in the case of Statement of Profit and Loss, of the loss for the year ended on that date; and
   iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, we report that:
   a. we have 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 appears from our examination of those books;
   c. the financial statements dealt with by this report are in agreement with the books of account;
   d. in our opinion, the financial statements comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and

e. on the basis of written representations received from the directors, as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

Per **Atul Seksaria**
Partner
Membership No.: 086370

Place : New Delhi
Date : May 28, 2014

Annexure to the Independent Auditors' Report of even date

to the members of SITI Cable Network Limited (formerly Wire And Wireless (India) Limited), on the financial statements for the year ended March 31, 2014

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except for some of the network equipment acquired in a scheme of arrangement in an earlier year where the records are maintained for group of similar assets and not for each individual asset.

(b) The Company has a regular program of physical verification of its fixed assets (other than set top boxes, 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. No material discrepancies were noticed on such verification 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. According to the information and explanations given to us, the existence of set top boxes installed at customer premises is considered on the basis of the 'active user' status of the set top box.

(c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to 4(iii) (d) of the Order are not applicable.

(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.

(iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.

(b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of ₹ five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.

(vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

(viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, in respect of Company's products and services. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) There are no dues in respect of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.

(x) In our opinion, the Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses in the current and the immediately preceding financial year.

(xi) Based on the confirmations received from the banks, stating that the conduct of the Company's accounts have been satisfactory and regular and that the status of these accounts are classified as standard assets, in our opinion the Company has not defaulted in repayment of its dues to banks during the year. The Company has no dues payable to a financial institution or debenture-holders during the year.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

(xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.

(xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.

(xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment by the Company.

(xviii) During the year, the Company has made preferential allotment of shares to companies covered in the register maintained under Section 301 of the Act. In our opinion, the price at which shares have been issued is not, prima facie, prejudicial to the interest of the Company.

(xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.

(xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.

(xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

Per **Atul Seksaria**
Partner
Membership No.: 086370

Place : New Delhi
Date : May 28, 2014

Balance Sheet as at March 31, 2014

(₹ millions)

	Notes	March 31, 2014	March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	521.35	452.85
Reserves and surplus	5	(1,587.53)	(1,844.89)
Money received against warrants	6	1,870.00	810.00
		803.82	(582.04)
Non-current liabilities			
Long-term borrowings	7	10,351.64	7,689.19
Other non-current liabilites	8	368.33	797.35
Long -term provisions	9	25.32	22.58
		10,745.29	8,509.12
Current liabilities			
Short-term borrowings	10	473.87	244.85
Trade payables	11	1,562.80	1,355.99
Other current liabilities	8	2,083.50	1,406.97
Short-term provisions	9	1.10	0.57
		4,121.27	3,008.38
Total		**15,670.38**	**10,935.46**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	3,248.46	2,667.47
Intangible assets	13	253.25	217.11
Capital work-in-progress		1,054.67	534.63
Non-current investments	14	230.51	230.46
Long-term loans and advances	15	2,840.17	2,904.35
Other non-current assets	16	471.63	593.75
		8,098.69	7,147.77
Current assets			
Current investments	17	8.04	8.04
Inventories	18	59.88	47.22
Trade receivables	19	2,980.41	1,672.74
Cash and bank balances	20	3,266.57	1,102.72
Short-term loans and advances	15	1,098.21	917.73
Other current assets	16	158.58	39.24
		7,571.69	3,787.69
Total		**15,670.38**	**10,935.46**
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the financial statements.			

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

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

Per **Atul Seksaria**
Partner

For and on behalf of the Board of Directors of
SITI Cable Network Limited (formerly known as Wire and Wireless (India) Limited)

Subodh Kumar
Director

B K Syngal
Director

V D Wadhwa
Chief Executive Officer

Sanjay Goyal
Chief Financial Officer

Suresh Kumar
Company Secretary

Place : New Delhi
Date : May 28, 2014

Statement of Profit and Loss for the year ended March 31, 2014

(₹ millions)

	Notes	March 31, 2014	March 31, 2013
Revenue			
Revenue from operations	21	5,048.95	4,160.12
Other income	22	116.98	132.53
Total revenue		**5,165.93**	**4,292.65**
Expenses			
Cost of materials consumed	23	23.47	9.68
Purchases of traded goods	24	665.59	991.07
Changes in inventories of traded goods	25	-	6.34
Carriage sharing, pay channel and related costs		2,133.38	1,579.01
Employee benefit expenses	26	272.79	231.65
Finance costs	27	1,179.92	862.08
Depreciation and amortisation expenses	28	578.50	396.51
Other expenses	29	1,335.37	834.72
Total expenses		**6,189.02**	**4,911.06**
Loss before and after tax		**(1,023.09)**	**(618.41)**
Loss per share after tax	30		
Basic		(2.26)	(1.37)
Diluted		(2.26)	(1.37)
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the financial statements.			

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

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

Per **Atul Seksaria**
Partner

Place : New Delhi
Date : May 28, 2014

For and on behalf of the Board of Directors of
SITI Cable Network Limited (formerly known as Wire and Wireless (India) Limited)

Subodh Kumar
Director

B K Syngal
Director

V D Wadhwa
Chief Executive Officer

Sanjay Goyal
Chief Financial Officer

Suresh Kumar
Company Secretary

Cash Flow Statement for the year ended March 31, 2014

(₹ millions)

	March 31, 2014	March 31, 2013
Cash flow from operating activities		
Loss before tax	(1,023.10)	(618.41)
Depreciation and amortisation expenses	578.50	396.51
Profit on sale of fixed assets	(10.84)	(0.01)
Excess provision written back	(36.44)	(12.64)
Amortisation of ancillary borrowing costs	26.53	30.36
Provision for doubtful debts	24.29	103.18
Provision for doubtful advances	35.41	32.27
Unrealised foreign exchange loss	34.59	-
Interest expense	976.02	712.58
Interest income	(44.77)	(37.85)
Operating profit before working capital changes	**560.19**	**605.99**
Movements in working capital :		
Increase in trade payables	243.25	331.16
Increase in long-term provisions	2.74	6.28
Increase in short-term provisions	0.53	0.25
(Decrease)/increase in other non-current liabilites	(429.02)	797.35
Increase in other current liabilities	89.06	55.28
Increase in trade receivables	(1,331.97)	(1,055.63)
(Increase)/decrease in inventories	(12.66)	79.27
Increase in short-term loans and advances and other current assets	(144.60)	(421.95)
Decrease in long-term loans and advances	(1,535.49)	56.56
Cash generated from operations	**(2,557.97)**	**454.56**
Direct taxes paid (net of refunds)	(150.96)	(36.58)
Net cash flow (used in)/from operating activities (A)	**(2,708.93)**	**417.98**
Cash flows from investing activities		
Purchase of fixed assets including capital advance	(1,747.69)	(2,603.49)
Proceeds from sale of fixed assets	35.75	0.03
Purchase of non-current investments	(0.04)	(0.23)
Sale of current investments	-	2.00
Interest received	42.35	28.74
Investments in bank deposits (having original maturity of more than three months)	114.28	(302.94)
Advances to subsidiary companies (Net)	1,571.38	(1,745.00)
Net cash from/(used in) investing activities (B)	**16.03**	**(4,620.89)**

(₹ millions)

	March 31, 2014	March 31, 2013
Cash flows from financing activities		
Proceeds from issuance of equity share capital	1,370.00	-
Proceeds from issuance of warrants	1,060.00	810.00
Proceeds from long-term borrowings	4,608.57	5,720.27
Repayment of long-term borrowings	(1,400.26)	(895.56)
Proceeds/(repayment) from short-term borrowings (net)	229.02	(258.86)
Interest and finance expenses paid	(1,020.58)	(726.97)
Net cash flow from financing activities (C)	**4,846.75**	**4,648.88**
Net increase in cash and cash equivalents (A + B + C)	2,153.85	445.97
Cash and cash equivalents at the beginning of the year	1,102.72	656.75
Cash and cash equivalents at the end of the year	**3,256.57**	**1,102.72**
Components of cash and cash equivalents		
Cash on hand	27.25	28.35
Cheques on hand	239.29	50.97
With banks- on current account	1,640.03	1,023.40
Fixed Deposit less than three months	1,350.00	-
Total cash and cash equivalents (note 20)	**3,256.57**	**1,102.72**
Summary of significant accounting policies (refer note 3)		

Notes:

1. Figures in bracket indicate cash outflow.

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

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

Per **Atul Seksaria**
Partner

Place : New Delhi
Date : May 28, 2014

For and on behalf of the Board of Directors of
SITI Cable Network Limited (formerly known as Wire and Wireless (India) Limited)

Subodh Kumar
Director

B K Syngal
Director

V D Wadhwa
Chief Executive Officer

Sanjay Goyal
Chief Financial Officer

Suresh Kumar
Company Secretary

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2014

1. Corporate information

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

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied by the Company unless otherwise stated. All assets and liabilities have been classified as current or non-current, wherever applicable as per the operating cycle of the Company as per the guidance as set out in the Revised Schedule VI to the Companies Act.

The Company's accumulated losses aggregate to ₹ 7,072.91 million as at March 31, 2014 (Previous year ₹ 6,049.81 million). In view of the warrant subscription, mandatory digitization which will yield substantial subscription revenue, increase in efficiency and assurance to extend all support in foreseeable future from holder of majority of equity shares of the Company, these financial statement are prepared on going concern basis.

3. Summary of significant accounting policies

a) Use of estimates

In preparing the Company's financial statements in conformity with accounting principles generally accepted in India, the management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in the period the same is determined.

b) Tangible fixed assets

(i) Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises of the purchase price (net of Cenvat credit availed), borrowing costs if capitalisation criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

(ii) Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

(iii) Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

(iv) Set top boxes are treated as part of capital work in progress till at the end of the month of activation thereof. Also, set top boxes intended to be sold are treated as part of inventory.

c) Depreciation on tangible fixed assets

(i) Depreciation on tangible fixed assets is calculated on a straight-line basis using the rates arrived at based on useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies act, 1956 whichever is higher. The Company has used the following rates to provide depreciation on its fixed assets:

	Rates
Building	1.63%
Plant and equipment	10% to 20%
Furniture and fixtures	6.33%
Studio equipment	7.07%
Computers	16.21%
Vehicles	9.50%
Office equipment	4.75%
Air conditioners	4.75%
Set-top boxes	12.5%
Integrated receiver and decoder (IRD) boxes	10%

(ii) Leasehold improvements are amortised over the lease term or estimated useful life; which ever is less.

(iii) Plant and equipment taken over under scheme of arrangement in the earlier years are depreciated over the management's estimate of remaining useful life, a period of 5 years.

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

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

e) Amortisation of intangible assets

(i) Goodwill on acquisition is amortised using the straight-line method over a period of five years.

(ii) Computer software are amortised over a period of six years on straight-line basis.

(iii) Cost of news/ current affairs/ chat shows/ events including sports events etc. are fully expensed on first telecast.

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

f) Leases

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

g) Borrowing costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

h) Impairment of tangible and intangible assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and the same is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the same is accordingly reversed in the statement of profit and loss.

i) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

j) Inventories

Stores and spares are valued at cost on weighted average basis or at net realisable value whichever is lower.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

k) Revenue recognition

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

(i) Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards in respect of ownership of the goods are transferred to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Revenue from high sea sales are being recognised on transfer of title of goods to the customer.

(ii) Income from services

Subscription income is recognised on completion of services.

Lease rentals charges and carriage income are recognised on accrual basis over the terms of related agreements. Carriage revenue recognition is deferred till formal agreement is executed with broadcasters.

Advertisement income is recognised when the related advertisement appears before the public. Other advertisement revenue for slot sale is recognised on period basis.

Activation fees on Set top boxes (STB) is recognised as revenue on activation of the related boxes.

The Company collects service tax on behalf of the Government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

(iii) Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

l) Foreign currency transactions

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and the non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Group at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Exchange differance arising on long-term foreign currency monetory items related to acquisition of a fixed assets are capitalised and depreciated over the remaining useful life of assets.

Exchange differance arising on other long-term foreign currency monetory items are accumulated in the " Foreign Currancy Monetory Items Translation Differance Account" and amortised over the remaining life of concerned monetory items.

m) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no other obligation, other than the contribution payable to the provident fund.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year or in case of plans administrated by insurers, based on contribution determined by the insurer.

Accumulated leave, which is expected to be utilised within next twelve months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains / losses are immediately regonised in the statement profit and loss and are not deferred.

n) Income tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is recognised by way of a credit to the statement of profit and loss and presented as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

o) Employees stock compensation cost

Measurement and disclosure of the stock option granted the Company's employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

p) Segment reporting

The Company is a multi system operator providing cable television network services, internet services and allied services which is considered as the only reportable segment. The Company's operations are based in India.

q) Earning per share

(i) Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

(ii) For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

r) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

s) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

t) Cash and cash equivalents

Cash and Cash equivalents in the Cash Flow Statement comprise cash at bank and in hand, cheques in hand and short term investments with an original maturity of three months or less.

u) Amortisation of borrowing cost

Costs incurred in raising funds are amortised equally over the period for which the funds are raised. Preliminary expenditure are amortised in the year when they are incurred.

4 Share capital

(₹ millions)

	March 31, 2014	March 31, 2013
Authorised share capital		
740,000,000 (Previous year: 740,000,000) equity shares of ₹ 1 each	740.00	740.00
10,000,000 (Previous year: 10,000,000) preference shares of ₹ 1 each	10.00	10.00
Total authorised capital	**750.00**	**750.00**
Issued share capital		
521,940,038 (Previous year 453,440,038) equity shares of ₹ 1 each	521.94	453.44
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
Total issued capital	**520.73**	**452.23**
Subscribed and fully paid up capital		
520,712,915 (Previous year: 452,212,915) equity shares of ₹ 1 each fully paid up	520.71	452.21
23,436 (Previous year: 23,436) 7.25% Non cumulative redeemable preference shares of ₹ 1 fully paid up	0.02	0.02
Total paid up capital	**520.73**	**452.23**
Forfeited shares	0.62	0.62
	521.35	**452.85**

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

Equity shares

	March 31, 2014		March 31, 2013	
	No. of shares	₹ millions	No. of shares	₹ millions
Outstanding at the beginning of the year	452,212,915	452.21	452,212,915	452.21
Add: Issued on conversion of warrants	68,500,000	68.50	-	-
Outstanding at the end of the year	**520,712,915**	**520.71**	**452,212,915**	**452.21**

Preference shares

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

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Terms/ rights attached to preference shares

The Company has only one class of 7.25% Non-cumulative redeemable preference shares of ₹1 each. The said preference shares were allotted to Zee Telefilms Limited (now Zee Entertainment Enterprises Limited) on December 29, 2006, pursuant to the scheme of arrangement for demerger of cable business undertaking of Zee Telefilms Limited approved by the Hon'ble Bombay High Court vide its order dated November 17, 2006. Initially, as per the terms of the issue and allotment, the said preference shares were due for redemption on December 29, 2008. However, with the written consent/approval of Zee Entertainment Enterprises Limited, the terms of the issue of said preference shares was varied by extending the period of redemption by another three years i.e. till December 29, 2011. Later on June 6, 2011 these shares were transferred to Churu Enterprises LLP by Zee Entertainment Enterprises Limited. Period for redemption of preference shares has been extended by another period of five years till December 29, 2016 by Churu Enterprises LLP. The preference shares are redeemable at par.

In the event of liquidation of the Company before redemption of preference shares, the holders of preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

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

	March 31, 2014		March 31, 2013	
Preference shares	**No. of Shares**	**% of Holding**	**No. of Shares**	**% of Holding**
Churu Enterprises LLP	23,436	100%	23,436	100%

	March 31, 2014		March 31, 2013	
Equity shares	**No. of Shares**	**% of Holding**	**No. of Shares held**	**% of Holding**
Bioscope Cinemas Private Limited	50,670,529	9.73%	122,040,427	26.99%
Direct Media Solutions Private Limited	140,000,000	26.89%	140,000,000	30.96%
Essel International Limited	31,966,049	6.14%	-	-
Essel Media Ventures Limited	58,714,951	11.28%	-	-
Digital Satellite Holdings Private Limited (formerly known as Agamesh Builders Private Limited)	71,369,898	13.70%	-	-

(e) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 33.

(f) Terms of securities convertible into equity shares issued along with earliest date of conversion.

During the year ended March 31, 2013, the Company issued 162,000,000 convertible warrants on preferential basis upon payment of a consideration of ₹ 20 per warrant. Each convertible warrant is convertible into one equity share of ₹ 1 each at a premium of ₹ 19 per share. Holders of such warrants have the option to convert these warrants into equity shares upon payment of aforesaid consideration on or before eighteen months from the date of allotment of warrants, viz. March 19, 2013. During the year ended March 31, 2014, 68,500,000 equity shares have been allotted pursuant to the exercise of option. Amount outstanding as at the year end and disclosed as money received against convertible warrants constitutes ₹ 20 (Previous year ₹ 5) per warrant received from the holders of 93,500,000 (Previous year 162,000,000) warrants which have been converted into equity shares on April 02, 2014.

5 Reserves and surplus

(₹ millions)

	March 31, 2014	March 31, 2013
Foreign currency monetary item translation difference account		
Balance at beginning of the year	-	-
Add: Recognised during the year	(55.64)	-
Less: Amortised during the year	(34.59)	-
Balance at the end of the year	(21.05)	-
Securities premium account		
Balance at the beginning of the year	4,200.07	4,200.07
Add: Premium received on issue of shares	1,301.50	-
Balance at the end of the year	5,501.57	4,200.07
Employee stock options outstanding		
Employee stock options outstanding	4.85	5.25
Less: Deferred employee compensation	-	0.40
	4.85	4.85
Deficit in the statement of profit and loss		
Balance at the beginning of the year	(6,049.81)	(5,431.40)
Loss for the year	(1,023.09)	(618.41)
Balance at the end of the year	(7,072.90)	(6,049.81)
	(1,587.53)	**(1,844.89)**

6 Money received against warrants

Money received against warrants	1,870.00	810.00

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

(₹ millions)

	March 31, 2014	March 31, 2013
Balance unutilised at the end of the previous year	72.74	-
Add: Proceeds received during the year	2,430.00	810.00
Utilised for working capital requirements	194.40	270.00
Utilised for capital expenditure and capital advances	465.54	467.26
Balance unutilised at the end of the current year*	**1,842.80**	**72.74**

* Balance unutilised amount is lying in fixed deposit and current accounts with banks.

7 Long-term borrowings

(₹ millions)

		March 31, 2014		March 31, 2013	
		Non-current	Current	Non-current	Current
(a)	Term loans from banks (Secured)				
	Term Loan	6,057.69	1,554.13	5,647.76	1,063.51
	Buyer's credits	4,292.14	110.12	2,039.06	-
	Finance/lease obligations	1.81	1.24	2.37	0.48
		10,351.64	**1,665.49**	**7,689.19**	**1,063.99**
	The above amount includes				
	Secured borrowings	10,351.64	1,665.49	7,689.19	1,063.99
	Amount disclosed under the head "other liabilities" (Note 8)	-	(1,665.49)	-	(1,063.99)
	Net amount	**10,351.64**	**-**	**7,689.19**	**-**

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2014

(₹ millions)

Nature of loan	March 31, 2014		March 31, 2013		Nature of securities	Interest rate	Tenure of repayment
	Non-current	Current	Non-current	Current			
Term loan							
1)	225.00	300.00	525.00	275.00	Term loans from banks are secured by first pari passu charge on entire movable fixed assets, both present and future, of the Company and on the receivables, cash flow and bank account of the Company. Also secured by corporate guarantee of an associate for maintaining revolving debt service reserve account (DSRA) for 1 quarter of the interest and principal repayment to be funded ten days before each due date, for the entire tenure of the loan.	Base rate + 2.25%	16 quarterly installmemts starting from the end of the 15th month from the date of first disbursement.
2)	534.69	131.25	721.88	28.13		Base rate + 1.65%	
3)	650.00	200.00	850.00	150.00		Base rate + 1.50%	8 half yearly installments starting from the end of the 15th month from the date of first disbursement.
4)	1,000.00	-	-	-		Base rate + 1.20%	
5)	-	196.88	196.88	234.38	Term loans from bank are secured by pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of the Company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of the Company's current assets. Also secured by corporate guarantee of an associate for maintenance of debt service rerserve account (DSRA) for 2 quarters' interest.	Base rate + 2.00%	16 quarterly installments starting from the end of the one year from the date of first disbursement.
6)	480.00	100.00	560.00	40.00		Base rate + 3.00%	15 quarterly installments starting from the end of the 18th month from the date of first disbursement
7)	2,168.00	626.00	2,794.00	336.00	Term loans from bank are secured by first charge by way of hypothecation of the Company's entire current assets which would include stocks and consumable stores and spares and such other movable properties including book debts, receivables both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other banks/ lenders. First charge on all moveable fixed assets of the Company, cash flow and bank account of the Company ranking pari passu with other banks/lenders. Also secured by corporate guarantee of an associate for maintaining revolving debt service reserve account (DSRA) for 1 quarter of the interest and principal repayment to be funded 10 days before each due date, for the entire tenure of the loan.	Base rate + 2.25%	16 quarterly installments starting from the end of the 15th month from the date of first disbursement.
8)	1,000.00	-	-	-	Term loans from bank are secured by pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of the company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of the Company's current assets. Also secured by corporate guarantee of an associate for maintenance of debt service rerserve account (DSRA) for 1 quarters' interest.	Base rate + 1.50%	16 quarterly installments starting from the end of the 27th month from the date of first disbursement.
Sub total	6,057.69	1,554.13	5,647.76	1,063.51			

(₹ millions)

Nature of loan	March 31, 2014		March 31, 2013		Nature of securities	Interest rate	Tenure of repayment
	Non-current	Current	Non-current	Current			
Buyer's credits							
1)	998.72	-	508.98	-	Term loans from IDBI bank are secured by parri passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of the company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of the company's current assets. Also secured by corporate guarantee of an associate for maintenance of debt service rerserve account (DSRA) for 2 quarters' interest.	Six months Libor + 90 bps	Repayment at the end of tenure.
2)	2,404.40	110.12	1,530.08	-	Term loans from ICICI bank are secured by first charge by way of hypothecation of the Company's entire current assets which would include stocks and consumable stores and spares and such other movable properties including book debts, receivables both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other banks/ lenders. First charge on all moveable fixed assets of the Company, cash flow and bank account of the Company ranking pari passu with other banks/lenders. Also secured by corporate guarantee of an associate for maintaining revolving debt service reserve account (DSRA) for 1 quarter of the interest and principal repayment to be funded 10 days before each due date, for the entire tenure of the loan.	Six months Libor + 350 bps	The facility shall be repaid in 4 equal semi annual installments from first drawdown date.
3)	889.02	-	-	-	Term loans from Standard Chartered bank are secured by pari passu mortgage and charge in favour of lender in a form satisfactory to the lender of all of the Company's immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of the Company's current assets. Also secured by corporate guarantee of an associate for maintenance of debt service rerserve account (DSRA) for 1 quarters' interest.	Six months Libor + 335 bps	The facility shall be repaid in 4 equal semi annual installments from first drawdown date.
Sub total	4292.14	110.12	2039.06	-			
Finance lease obliga- tion	1.81	1.24	2.37	0.48	Finance lease obligations - Secured by hypothecation of vehicles purchased thereunder.		

8 Other liabilities

(₹ millions)

	March 31, 2014		March 31, 2013	
	Non-current	Current	Non-current	Current
Current maturities of long-term borrowings (Refer note 7)	-	1,664.25	-	1,063.51
Current maturities of finance lease obligations (Refer note 7)	-	1.24	-	0.48
Interest accrued but not due on borrowings	-	37.96	-	62.03
Interest accrued and due on borrowings	-	11.60	-	1.56
Book overdraft	-	10.74	-	121.60
Advances from customers	-	4.23	-	52.77
Payable for fixed assets	322.24	-	715.68	-
Payable to employees	-	2.54	-	8.79
Others				
Interest free deposits from customers	46.09	-	81.67	-
Payable for statutory liabilities	-	350.94	-	96.23
	368.33	**2,083.50**	**797.35**	**1,406.97**

9 Provisions

(₹ millions)

	March 31, 2014		March 31, 2013	
	Long-term	Short-term	Long-term	Short-term
Provision for employee benefits (Refer Note 32)				
Provision for gratuity	16.19	0.71	14.46	0.31
Provision for compensated absences	9.13	0.39	8.12	0.26
	25.32	1.10	22.58	0.57

10 Short-term borrowings

(₹ millions)

	March 31, 2014	March 31, 2013
Secured		
Loans repayable on demand	473.87	244.85
	473.87	**244.85**

Details of security

Secured by first pari passu charge on the fixed assets and current assets of the Company. The Company is required to maintain debt service reserve account (DSRA) for 2 quarters' interest. All the loans are further secured by corporate guarantee of an associate to maintain DSRA and carries an interest rate of Base rate +3%.

11 Trade payables

(₹ millions)

	March 31, 2014	March 31, 2013
Dues to micro and small enterprises (Refer note below)	-	-
Dues to others	1,562.80	1,355.99
	1,562.80	**1,355.99**

The Company had requested its vendors to confirm their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). Based on confirmations received, there are no amounts due to any micro or small enterprise under the MSMED Act, 2006.

12 Tangible assets

(₹ millions)

Gross block	Building	Plant and equipment	Computers	Office equipment	Furniture and fixtures	Air conditioners	Studio equipment	Vehicles	Leasehold improvements	Set top boxes	IRD boxes	Total
Balance as at April 1, 2012	26.96	2,006.02	78.28	25.59	19.22	12.41	26.55	12.46	41.08	659.83	1.26	2,909.66
Additions	-	237.05	5.73	2.04	0.44	1.61	4.94	1.76	7.18	1,690.72	-	1,951.47
Deductions	-	-	-	-	-	-	-	0.36	-	-	-	0.36
Balance as at March 31, 2013	**26.96**	**2,243.07**	**84.01**	**27.63**	**19.66**	**14.02**	**31.49**	**13.86**	**48.26**	**2,350.55**	**1.26**	**4,860.77**
Additions	-	41.80	1.63	0.56	0.14	0.13	0.59	1.32	5.36	1,083.82	-	1,135.35
Deductions	-	-	-	0.05	-	-	-	0.23	-	28.34	-	28.62
Balance as at March 31, 2014	**26.96**	**2,284.87**	**85.64**	**28.14**	**19.80**	**14.15**	**32.08**	**14.95**	**53.62**	**3,406.03**	**1.26**	**5,967.50**
Accumulated depreciation												
Balance as at April 1, 2012	6.78	1,358.66	62.92	9.52	10.95	4.84	22.00	5.90	22.64	321.16	0.66	1,826.03
Charge for the year	0.44	128.85	7.42	1.33	1.46	0.65	0.47	0.99	5.97	220.03	-	367.61
Reversal on disposal of assets	-	-	-	-	-	-	-	0.34	-	-		0.34
Balance as at March 31, 2013	**7.22**	**1,487.51**	**70.34**	**10.85**	**12.41**	**5.49**	**22.47**	**6.55**	**28.61**	**541.19**	**0.66**	**2,193.30**
Charge for the year	0.44	129.93	3.67	1.37	0.87	0.70	0.76	1.14	6.92	383.65	-	529.45
Reversal on disposal of assets	-	-	-	0.02	-	-	-	0.13	-	3.56	-	3.71
Balance as at March 31, 2014	**7.66**	**1,617.44**	**74.01**	**12.20**	**13.28**	**6.19**	**23.23**	**7.56**	**35.53**	**921.28**	**0.66**	**2,719.04**
Net block												
Balance as at March 31, 2013	**19.74**	**755.56**	**13.67**	**16.78**	**7.25**	**8.53**	**9.02**	**7.31**	**19.65**	**1,809.36**	**0.60**	**2,667.47**
Balance as at March 31, 2014	**19.30**	**667.43**	**11.63**	**15.94**	**6.52**	**7.96**	**8.85**	**7.39**	**18.09**	**2,484.75**	**0.60**	**3,248.46**

Note: The Company has exercised the option available under paragraph 46 A of Accounting Standard-11 "The Effects of Changes in Foreign Exchange Rates" accordingly during the current year foreign exchange loss of ₹ 136.44 millions (previous yea Nil) has been added to the gross block of set top boxes and ₹ 15.79 millions (previous year Nil) has been added to capital work in progress.

13 Intangible assets

(₹ millions)

Gross block	Goodwill	Program/ film/ cable rights	Computer software	Total
Balance as at April 1, 2012	11.31	50.35	124.57	186.23
Additions	-	-	178.72	178.72
Balance as at March 31, 2013	**11.31**	**50.35**	**303.29**	**364.95**
Additions	-	-	85.19	85.19
Balance as at March 31, 2014	**11.31**	**50.35**	**388.48**	**450.14**
Accumulated amortisation				
Balance as at April 1, 2012	9.24	49.49	60.21	118.94
Charge for the year	1.50	-	27.40	28.90
Balance as at March 31, 2013	**10.74**	**49.49**	**87.61**	**147.84**
Charge for the year	-	-	49.05	49.05
Balance as at March 31, 2014	**10.74**	**49.49**	**136.66**	**196.89**
Net block				
Balance as at March 31, 2013	**0.57**	**0.86**	**215.68**	**217.11**
Balance as at March 31, 2014	**0.57**	**0.86**	**251.82**	**253.25**

14 Non-current investments (Trade, unquoted) (Valued at cost unless stated otherwise)

(₹ millions)

	March 31, 2014	March 31, 2013
Investment in equity instruments-subsidiaries		
6,831,000 (Previous year 6,831,000) equity shares of ₹ 10 each fully paid up of Indian Cable Net Company Limited	111.14	111.14
50,000 (Previous year 50,000) equity shares of ₹ 10 each fully paid up of Central Bombay Cable Network Limited	0.50	0.50
25,500 (Previous year 25,500) equity shares of ₹ 10 each fully paid up of Wire and Wireless Tisai Satellite Limited	0.26	0.26
753,587 (Previous year 748,487) equity shares of ₹ 10 each fully paid up of Siti Vision Digital Media Private Limited	82.38	82.33
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
	230.51	**230.46**

(₹ millions)

	March 31, 2014	March 31, 2013
Investment in equity instruments-others		
480 (Previous year 480) equity shares of ₹ 100 each fully paid up of Master Ads Private Limited	0.05	0.05
9,500 (Previous year 9,500) equity shares of ₹10 each fully paid up of Dakshin Communication Private Limited	1.77	1.77
3,000 (Previous year 3,000) equity shares of ₹10 each fully paid up of Centre Channel Private Limited	0.23	0.23
	2.05	**2.05**
Less : Provision for diminution in the value of investments	2.05	2.05
	-	-
Investment in preference shares		
14,080 (previous year 14,080) 6% Non-cumulative redeemable preference shares of ₹ 100 each fully paid up of		
Haryana Communication Network Private Limited	7.04	7.04
Less : Provision for diminution in the value of investments	7.04	7.04
	-	-
	230.51	**230.46**
Aggregate amount of unquoted investments	230.51	230.46

In addition to the above, the Company holds certain 6% Non-cumulative redeemable preference shares of ₹ 100 each fully paid up in a few companies which have been completely written off against provision for diminution in value of investments in earlier years

15 Loans and advances

(₹ millions)

	March 31, 2014		March 31, 2013	
	Long-term	Short-term	Long-term	Short-term
Capital advances				
Unsecured, considered good	23.87	-	16.75	-
Unsecured, considered doubtful	-	-	4.50	-
	23.87	-	21.25	-
Less: Provision for doubtful capital advances	-	-	4.50	-
	23.87	-	16.75	-
Advance given to Indian Cable Net Company Limited (Subsidiary) for allotment of shares	1,500.00	-	-	-
Security deposits				
Unsecured, considered good	98.77	-	99.04	-
Doubtful	2.81	-	2.81	-
	101.58	-	101.85	-
Less: Provision for doubtful security deposits	2.81	-	2.81	-
	98.77	-	99.04	-
Advances to subsidiaries unsecured, considered good (refer note 35)	1,184.52	202.31	2,755.90	306.09

(₹ millions)

	March 31, 2014		March 31, 2013	
	Long-term	Short-term	Long-term	Short-term
Advances recoverable in cash or kind				
Unsecured, considered good				
Other advances	33.01	363.67	32.66	165.26
Doubtful				
Advances to distribution companies	-	750.02	-	837.09
Less: Provision for doubtful advances	-	750.02	-	837.09
	33.01	363.67	32.66	165.26
Other loans and advances (Unsecured, considered good)				
Advance tax	-	331.03	-	180.08
Balances with statutory authorities	-	193.08	-	262.79
Prepaid expenses	-	8.12	-	3.51
	-	532.23	-	446.38
	2,840.17	**1,098.21**	**2,904.35**	**917.73**

16 Other assets (unsecured, considered good)

(₹ millions)

	March 31, 2014		March 31, 2013	
	Non-current	Current	Non-current	Current
Non-current bank balances (refer note 20)	416.72	-	541.01	-
	416.72	**-**	**541.01**	**-**
Unamortised expenditure				
Ancillary cost of arranging the borrowings	54.91	25.38	52.74	23.55
	54.91	**25.38**	**52.74**	**23.55**
Others				
Interest accrued on fixed deposits	-	18.10	-	15.69
Unbilled revenue	-	115.10	-	-
	-	133.20	-	15.69
	471.63	**158.58**	**593.75**	**39.24**

17 Current investments (Non trade, unquoted) (Valued at lower of cost or fair value)

(₹ millions)

	March 31, 2014	March 31, 2013
Investments in mutual funds		
250,404 (Previous year 250,404) units of face value of ₹ 10 each of ICICI Prudential Flexible Income Premium Growth	2.54	2.54
3,176 (Previous year 3,176) units of face value of ₹100 each of Taurus Short Term Income Fund - Growth Plan	5.50	5.50
	8.04	**8.04**
Aggregate amount of unquoted investment	8.04	8.04

18 Inventories (valued at lower of cost or net realisable value)

(₹ millions)

	March 31, 2014	March 31, 2013
Stores and spares	59.88	47.22
	59.88	**47.22**

19 Trade receivables

(₹ millions)

	March 31, 2014	March 31, 2013
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	2,072.60	643.54
Unsecured, considered doubtful	1,235.68	1,492.40
	3,308.28	2,135.94
Less: Provision for doubtful debts	1,235.68	1,492.40
	2,072.60	643.54
Other receivables		
Unsecured, considered good	907.81	1,029.20
	2,980.41	**1,672.74**

20 Cash and bank balances

(₹ millions)

	March 31, 2014		March 31, 2013	
	Non-current	Current	Non-current	Current
Cash and cash equivalents				
Cash on hand	-	27.25	-	28.35
Cheques on hand	-	239.29	-	50.97
Balances with banks				
On current accounts	-	1,640.03	-	1,023.40
In Deposit account (with maturity upto three months)	-	1,350.00	-	-
	-	3,256.57	-	1,102.72
Other bank balances				
Margin money deposit and deposit with statutory authorities	416.72	-	541.01	-
Bank deposit with maturity upto twelve months	-	10.00	-	-
	416.72	10.00	541.01	-
Amount disclosed under non-current assets (note 16)	(416.72)	-	(541.01)	-
	-	**3,266.57**	**-**	**1,102.72**

21 Revenue from operations

(₹ millions)

	March 31, 2014	March 31, 2013
Sale of services		
Subscription income	2,220.94	706.79
Advertisement income	116.93	119.66
Carriage income	1,322.06	1,335.78
Activation income	449.56	815.32
Other operating revenue		
Sale of traded goods*	740.70	1,031.56
Lease rental charges	1.34	5.94
Management charges and other networking income	197.21	144.68
Scrap sales	0.21	0.39
	5,048.95	**4,160.12**
***Details of sale of traded goods**		
Set top box and viewing cards	712.29	1,025.64
Store and spares	28.41	5.92
	740.70	**1,031.56**

22 Other income

(₹ millions)

	March 31, 2014	March 31, 2013
Interest income on		
Bank deposits	44.77	37.85
Others	0.06	3.66
Excess provisions written back	36.44	12.64
Profit on sale of fixed assets	10.84	0.01
Other non-operating income	24.87	78.37
	116.98	**132.53**

23 Cost of materials consumed-stores and spares

(₹ millions)

	March 31, 2014	March 31, 2013
Opening stock	47.22	91.69
	47.22	91.69
Add : Purchases during the year	36.13	23.61
	36.13	23.61
Less: Transferred to fixed assets	-	58.40
	-	58.40
Less : Closing stock	59.88	47.22
	59.88	47.22
	23.47	**9.68**

24 Purchases of traded goods

(₹ millions)

	March 31, 2014	March 31, 2013
Set top boxes	602.72	899.03
Viewing cards	62.87	92.04
	665.59	**991.07**

25 Changes in inventories of traded goods

(₹ millions)

	March 31, 2014	March 31, 2013
Opening stock		
Set top boxes	-	15.80
Viewing cards	-	19.00
	-	**34.80**
Less: Transferred to fixed assets		
Set top boxes	-	10.42
Viewing cards	-	18.04
	-	**28.46**
Closing stock		
Set top boxes	-	-
Viewing cards	-	-
	-	-
	-	**6.34**

26 Employee benefit expenses

(₹ millions)

	March 31, 2014	March 31, 2013
Salaries, allowances and bonus	239.20	201.28
Contributions to provident and other funds	15.25	13.16
Employee benefits expenses	6.82	9.00
Staff welfare expenses	11.52	8.21
	272.79	**231.65**

27 Finance costs

(₹ millions)

	March 31, 2014	March 31, 2013
Interest	976.02	712.58
Bank charges	177.37	119.15
Amortisation of ancillary borrowing costs	26.53	30.36
	1,179.92	**862.08**

28 Depreciation and amortisation expenses

(₹ millions)

	March 31, 2014	March 31, 2013
Depreciation of tangible assets (Refer note 12)	529.45	367.61
Amortisation of intangible assets (Refer note 13)	49.05	28.90
	578.50	**396.51**

29 Other expenses

(₹ millions)

	March 31, 2014	March 31, 2013
Rent	72.64	72.59
Rates and taxes	13.01	13.98
Communication expenses	12.20	12.95
Repairs and maintenance		
- Network	22.33	25.49
- Building	0.27	0.42
- Others	9.86	15.91
Electricity and water charges	27.53	24.66
Legal, professional and consultancy charges	55.10	52.31
Printing and stationery	1.96	6.40
Service charges	90.73	64.09
Travelling and conveyance expenses	22.75	18.20
Payment to auditors*	3.70	4.50
Vehicle expenses	10.72	8.73
Insurance expenses	2.69	3.87
Provision for doubtful debts**	24.29	103.18
Provision for doubtful advances	35.41	32.27
Advertisement and publicity expenses	49.39	65.31
Commission charges and incentives	163.94	36.89
Additional LCO commission	158.11	-
Rebate and discount	3.50	7.61
Program production expenses	23.88	15.99
Other operational cost	371.37	198.40
Business and sales promotion	14.38	13.45
Forex loss	115.74	-
Miscellaneous expenses	29.87	37.52
	1,335.37	**834.72**
*Payment to auditors		
Statutory audit fees	1.40	1.79
Limited review fees	2.10	1.71
Other services	0.05	0.90
Out of pocket expenses	0.15	0.10
	3.70	**4.50**

** Provision for doubtful debts is net of liabilities written back ₹ 41.53 million (Previous year ₹ 87.09 million).

30 Earnings per share

(₹ millions)

	March 31, 2014	March 31, 2013
Loss attributable to equity shareholders	(1,023.10)	(618.41)
Number of weighted average equity shares		
Basic	453,526,614	452,212,915
Diluted	453,526,614	452,212,915
Nominal value of per equity share (₹)	1	1
Loss per share after exceptional item and after tax (₹)		
Basic	(2.26)	(1.37)
Diluted	(2.26)	(1.37)

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

31 In view of the mandatory digital addressable system ('DAS') regulation announced by the Ministry of Information and Broadcasting, Government of India, digitization of cable networks has been implemented in the cities notified for phase 1 and phase 2 effective November 1, 2012 and April 1, 2013 respectively. Owing to the initial delays in implementation of DAS in phase 1 and phase 2 cities and challenges faced by all the Multi-System Operators (MSOs) during transition from analog business to DAS, the Company is in the process of executing contracts with the subscribers and implementation of revenue sharing contracts entered into with the local cable operators (LCOs). Accordingly, the Company has invoiced and recognized subscription revenue net of sharing of revenue with the LCOs under the new DAS regime amounting to ₹ 1,997.12 million (Previous year ₹ 212.48 million).

32 Gratuity and other post-employment benefit plans

Defined contribution plan

Contribution to defined contribution plan, recognised as expense for the year are as under :-

Employer's contribution to provident fund ₹ 15.03 million (Previous year ₹ 12.89 million).

Defined benefit plan

The following table summarises the components of net benefit expenses recognised in the statement of profit and loss and amounts recognised in the balance sheet for the define benefit gratuity plan.

Expense recognised in statement of profit and loss

(₹ millions)

	Gratuity	
	March 31, 2014	March 31, 2013
Current service cost	3.15	2.95
Interest cost on benefit obligation	1.33	0.88
Net actuarial (gain)/loss recognised in the year	(1.28)	0.58
Expenses recognised in statement of profit and loss	**3.20**	**4.41**

Benefit liability

(₹ millions)

	Gratuity	
	March 31, 2014	March 31, 2013
Present value of defined benefit obligation at the end of the year	(16.91)	(14.77)
Unfunded liability recognised in balance sheet	**(16.91)**	**(14.77)**

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

(₹ millions)

	Gratuity	
	March 31, 2014	March 31, 2013
Present value of defined benefit obligation at the beginning of the year	14.77	10.79
Current service cost	3.15	2.95
Interest cost	1.33	0.88
Benefits paid	(1.06)	(0.43)
Net actuarial (gain)/loss recognised in the year	(1.28)	0.58
Present value of defined benefit obligation at the end of the year *	**16.91**	**14.77**

* Includes current portion ₹ 0.71 million (Previous year ₹ 0.31 million)

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

	Leave encashment		Gratuity	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Discount rate (per annum)	9.00%	8.25%	9.00%	8.25%
Rate of escalation in salary (per annum)	5.00%	5.00%	5.00%	5.00%
Withdrawal rate (per annum)	2.00%	2.00%	2.00%	2.00%
Mortality rate	IALM 2006-08 Ultimate	LIC 94-96 Ultimate	IALM 2006-08 Ultimate	LIC 94-96 Ultimate

Amounts for the current and previous four years are as follows:

(₹ millions)

	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Defined benefit obligation	16.91	14.77	10.79	9.99	8.42
Experience on adjustments gain/ (loss) for plan liabilities	0.02	1.07	1.70	1.11	(1.83)

33 Employee Stock Option Plan –ESOP-2007

The Company instituted the Employee Stock Option Plan – ESOP-2007 to grant equity based incentives to its eligible employees. The ESOP-2007 ("the Scheme") has been approved by the Board of Directors of the Company at their meeting held on June 27, 2007 and by the shareholders of the Company by way of special resolution passed at their Annual General Meeting held on September 18, 2007 to grant 4,344,355 options (not exceeding 2% of the issued, subscribed and paid up equity share capital of the Company as on March 31, 2007), representing one share for each option upon exercise by the employee of the Company at an exercise price determined by the Board / remuneration committee. The Scheme covers grant of options to the specified permanent employees of the Company and Directors of the Company, whether whole time directors or otherwise as may be decided by the Board.

The options granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. Under the terms of the Scheme, 20% of the options will vest in the employee every year equally. The option grantee must exercise all vested options within a period of four years from the date of vesting. Once the options vest as per the Scheme, they would be exercisable by the option grantee at any time and the shares arising on exercise of such options shall not be subject to any lock-in period.

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

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

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

(₹ millions)

	March 31, 2014		March 31, 2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	172,600	20.00	172,600	20.00
Expired/lapsed during the year	-	-	-	-
Outstanding at the end of the year	172,600	20.00	172,600	20.00
Exercisable at the end of the year	172,600	20.00	172,600	20.00

There is no activity under plan 2

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

(₹ millions)

	March 31, 2014		March 31, 2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	623,000	17.45	686,600	17.45
Expired/Lapsed during the year	143,700	17.45	63,600	17.45
Outstanding at the end of the year	479,300	17.45	623,000	17.45
Exercisable at the end of the year	383,440	17.45	373,800	17.45

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

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

The details of exercise price for stock options outstanding as at March 31, 2013 :

	Plan 1	Plan 3
Number of options outstanding	172,600	623,000
Weighted average remaining contractual life of options (in years)	2 years	3 years
Weighted average exercise price (₹)	20	17.45

34 Leases

Finance lease: Company as lessee

Vehicles obtained on finance lease are for 4 years after which the legal title is passed to the lessee. There is no escalation clause in the lease agreement. There are no restrictions imposed by the lease arrangements. There are no subleases.

(₹ millions)

	March 31, 2014		March 31, 2013	
	Minimum lease payments (MLP)	Present value of MLP	MLP	Present value of MLP
Within one year	1.50	1.24	1.24	0.99
After one year but not more than five years	2.05	1.81	2.09	1.86
More than five years	-	-	-	-
Total minimum lease payments	3.55	3.05	3.33	2.85
Less: amounts representing finance charges	0.50	-	0.48	-
Present value of minimum lease payments	3.05	3.05	2.85	2.85

Operating lease : Company as lessee

The Company's significant leasing arrangements are in respect of operating leases taken for offices, residential premises, godowns, stores, etc. These leases are cancelable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the lease generally is for 11 to 120 months. Total future minimum lease payments under non cancellable operating lease is:-

(₹ millions)

	March 31, 2014	March 31, 2013
Within one year	-	1.84
After one year but not more than five years	-	-
More than five years	-	-
	-	**1.84**

Rental expense for operating leases for the years ended March 31, 2014 and March 31, 2013 was ₹ 72.64 millions and ₹ 72.59 millions respectively.

In case of assets given on lease

Operating lease

Set top boxes given under operating leases are capitalised at an amount equal to cost arrived and the rental income is recognised on equal monthly rental.

(₹ millions)

Nature of assets	Gross block as on March 31, 2014	Accumulated depreciation	Depreciation charged during the year ended March 31, 2014
Set top boxes	-	-	-

(₹ millions)

Nature of assets	Gross block as on March 31, 2013	Accumulated depreciation	Depreciation charged during the year ended March 31, 2013
Set top boxes	28.35	0.02	0.02

35 Related party disclosures

(i) Names of related parties where control exists

(a) Subsidiaries Companies

Indian Cable Net Company Limited

Central Bombay Cable Network Limited

Siticable Broadband South Limited

Wire and Wireless Tisai Satellite Limited

Master Channel Community Network Private Limited (Subsidiary of Central Bombay Cable Network Limited)

Siti Vision Digital Media Private Limited

Siti Jind Digital Media 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)

(b) Associate Company

Siti Chhattisgarh Multimedia Private Limited (Associate of Siti Bhatia Network Entertainment Private Limited)

(ii) Key Management Personnel

Mr. Subhash Chandra, Director, Mr. Amit Goenka, Whole-Time Director (till May 31, 2013), V.D. Wadhwa, CEO, (from April 29, 2013)

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

Dish TV India Limited

Zee Entertainment Enterprises Limited

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

Zee Turner Limited

Essel International Limited

Essel Media Ventures Limited

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

a. Sale/ purchase of goods and services

(₹ millions)

	Year ended	Sale of goods and services	Purchase of goods and services	Balance owed by related parties	Balance owed to related parties
Subsidiaries					
Indian Cable Net Company Limited	March 31, 2014	385.80	1.09	1,130.98	-
	March 31, 2013	950.39	4.22	821.43	-
Master Channel Community Network Private Limited	March 31, 2014	109.98	-	78.05	-
	March 31, 2013	12.00	-	16.49	-
Siti Vision Digital Media Private Limited	March 31, 2014	205.00	-	297.85	-
	March 31, 2013	72.29	-	104.82	-
Wire and Wireless Tisai Satellite Limited	March 31, 2014	-	-	37.68	-
	March 31, 2013	-	-	37.68	-
Siti Jind Digital Media Communications Private Limited	March 31, 2014	7.20	-	6.01	
	March 31, 2013	10.00	-	5.87	-
Siti Cable Broadband South Limited	March 31, 2014	-	-	-	0.07
	March 31, 2013	-	-	-	0.07
Siti Jai Maa Durgee Communications Private Limited	March 31, 2014	1.87	-	8.88	-
	March 31, 2013	11.40	-	14.29	-
Siti Krishna Digital Media Private Limited	March 31, 2014	11.31	-	34.94	-
	March 31, 2013	53.41	-	32.42	-
Siti Jony Digital Cable Network Private Limited	March 31, 2014	1.25	-	2.24	-
	March 31, 2013	4.28	-	1.64	-
Siti Guntur Digital Network Private Limited	March 31, 2014	18.00	-	30.26	-
	March 31, 2013	9.10	-	11.81	-

(₹ millions)

	Year ended	Sale of goods and services	Purchase of goods and services	Balance owed by related parties	Balance owed to related parties
SITI Maurya Cable Net Private Limted	March 31, 2014	74.17	-	16.83	-
	March 31, 2013	-	-	-	-
Siti Faction Digital Private Limited	March 31, 2014	21.23	-	78.50	-
	March 31, 2013	65.27	-	66.33	-
Enterprises owned or significantly influenced by key management personnel or their relatives					
Dish TV India Limited	March 31, 2014	-	0.03	-	-
	March 31, 2013	0.53	0.15	-	14.17
Zee Entertainment Enterprises Limited	March 31, 2014	151.31	7.99	11.86	4.91
	March 31, 2013	208.10	9.06	22.79	11.74
Zee Turner Limited	March 31, 2014	-	-	0.21	281.65
	March 31, 2013	-	-	0.21	281.65
Zee Media Corporation Limited (formerly known as Zee News Limited)	March 31, 2014	50.96	2.75	20.05	13.53
	March 31, 2013	60.13	2.75	13.86	10.78

b. Advances given and repayment thereof

(₹ millions)

	Year ended	Advances given	Repayment/ Adjustments	Balance owed by related parties
Subsidiaries				
Indian Cable Net Company Limited	March 31, 2014	*1549.10	53.56	1,987.33
	March 31, 2013	87.41	62.86	491.79
Central Bombay Cable Network Limited	March 31, 2014	4,093.85	5,693.20	891.44
	March 31, 2013	3,238.14	1,112.55	2,490.79
Siti Cable Broadband South Limited	March 31, 2014	0.02	-	4.39
	March 31, 2013	0.06	380.00	4.37
Siti Vision Digital Media Private Limited	March 31, 2014	0.01	71.42	3.63
	March 31, 2013	40.98	15.80	75.03
Master Channel Community Network Private Limited	March 31, 2014	-	-	-
	March 31, 2013	-	9.35	-
Siti Bhatia Network Entertainment Private Limited	March 31, 2014	5.32	-	5.32
	March 31, 2013	-	-	-
Siti Jind Digital Media Communications Private Limited	March 31, 2014	-	-	-
	March 31, 2013	-	0.07	-
Enterprises owned or significantly influenced by key management personnel or their relatives				
Zee Turner Limited	March 31, 2014	-	-	13.15
	March 31, 2013	-	0.29	13.15

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

c. **Advances taken and repayment thereof**

(₹ millions)

	Year ended	Advances taken	Repayment	Balance owed to the related parties
Subsidiaries				
Siti Vision Digital Media Private Limited	March 31, 2014	-	25.00	-
	March 31, 2013	25.00	-	25.00
Enterprises owned or significantly influenced by key management personnel or their relatives				
Zee Media Corporation Limited (formerly known as Zee News Limited)	March 31, 2014	-	-	-
	March 31, 2013	-	24.10	-

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

(₹ millions)

	Expenditure paid by the Company on behalf of the others		Expenditure paid by others on behalf of the Company	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Siti Vision Digital Media Private Limited	46.54	0.10	-	2.56
Siti Cable Broadband South Limited	0.02	-	-	0.06
Central Bombay Cable Network Limited	2.75	-	-	2.94
Master Channel Community Network Private Limited	0.04	-	-	-
Zee Entertainment Enterprises Limited	4.51	14.10	12.64	14.38
Siti Jai Maa Durgee Communications Private Limited	0.49	-	-	4.28
Siti Faction Digital Private Limited	0.21	-	-	-
Zee Media Corporation Limited (formerly known as Zee News Limited)	-	0.01	-	-
Zee Turner Limited	0.81	1.35		-
Dish TV India Limited	-	0.02	0.05	-
Indian Cable Net Company Limited	28.74	-	25.72	-
Siti Jind Digital Media Communications Private Limited	3.85	-	-	5.51
Siti Jony Digital Cable Network Private Limited	0.41	0.02		-

e. **Money received against warrants:**

(₹ millions)

	March 31, 2014	March 31, 2013
Essel International Limited	930.00	310.00
Essel Media Ventures Limited	1,500.00	500.00

f. **Remuneration to key managerial personnel:**

(₹ millions)

	March 31, 2014	March 31, 2013
V.D. Wadhwa (from April 29,2013)	**7.41**	**-**

36 Capital and other commitments

Estimated amount of contracts remaining to be executed and not provided for (net of advances) amounting to ₹ 1.28 million (Previous year ₹ 104.43 million)

37 Contingent liabilities

i) Claims against the Company not acknowledged as debts ₹ 49.2 million (Previous year ₹ 50.34 million)

ii) The Company has undertaken to provide continuing financial support to subsidiaries are given as below:

In March 31, 2014

Siticable Broadband South Limited

Wire and Wireless Tisai Satellite Private Limited

Central Bombay Cable Network Limited

Siti Jai Maa Durgee Communications Private Limited

Siti Faction Digital Private Limited

Siti Jony Digital Cable Network Private Limited

Siti Vision Digital Media Private Limited

Siti Bhatia Network Entertainment Private Limited

In March 31, 2013

Central Bombay Cable Network Limited

Siticable Broadband South Limited

Wire and Wireless Tisai Satellite Private Limited

Siti Vision Digital Media Private Limited

Siti Jai Maa Durgee Communications Private Limited

Siti Jind Digital Media Communications Private Limited

Siti Bhatia Network Entertainment Private Limited

38 Unhedged foreign currency exposure

Particulars of unhedged foreign currency exposure as at reporting date:

	March 31, 2014		March 31, 2013	
	USD million	₹ millions	USD million	₹ millions
Trade receivables for carriage income	0.06	3.38	0.16	8.68
Trade payables	1.63	97.00	0.56	30.43
Payable for fixed assets	5.17	308.35	9.64	523.55
Buyers' credit (Secured loan)	73.81	4,402.26	37.53	2,039.06

* Closing rate as at March 31, 2014 (1 USD = ₹ 59.65 (March 31, 2013: 1 USD = ₹ 54.33))

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

(₹ millions)

Particulars	March 31, 2014	March 31, 2013
Deferred tax liabilities		
Unamortised expenditure for ancillary cost of arranging the borrowings	24.81	23.58
Timing difference in depreciation and amortisation of tangible and intangible assets	2.88	-
Gross deferred tax liabilities	27.69	23.58
Deferred tax assets		
Provision for doubtful debts	27.69	23.58
Gross deferred tax assets	27.69	23.58
Net deferred tax liability/(assets)	**-**	**-**

As at the year end March 31, 2014, the Company would have net deferred tax asset primarily comprising of unabsorbed losses and carry forward depreciation under tax laws. In the absence of virtual certainty of sufficient future taxable income, the Company has taken the conservative approach and created deferred tax assets to the extent of deferred tax liability.

40 Value of imports calculated on CIF basis

(₹ millions)

Particulars	March 31, 2014	March 31, 2013
Plant and machinery	-	24.70
Set top boxes and viewing cards	1,107.05	2,273.91
Stores and spares	3.40	3.01
	1,110.45	**2,301.62**

41 Expenditure in foreign currency (accrual basis)

(₹ millions)

Particulars	March 31, 2014	March 31, 2013
Other operational cost	82.93	39.59
Legal, professional and consultancy charges	3.19	9.81
Foreign travelling	0.68	-
Letter of credit and buyer's credit interest	111.52	-
	198.32	**49.40**

42 Earnings in foreign currency (accrual basis)

(₹ millions)

Particulars	March 31, 2014	March 31, 2013
Carriage income	16.54	15.81

	16.54	**15.81**

43 Rights issue utilization

The Company had during the year 2009-10 issued 236,222,285 equity shares of ₹ 1 each at a premium of ₹ 18 per share for cash to the existing equity shareholders of the Company. Given below are the details of utilisation of proceeds raised through rights issue.

(₹ millions)

Particulars	March 31, 2014	March 31, 2013
Unutilised amount at the beginning of the year	75.87	645.87
Less: amount utilised during the year		
Working capital	-	120.00
General corporate purposes	-	450.00
Unutilised amount at the end of the year	**75.87**	**75.87**

44 The Company operates in single business segment of cable distribution in India only. Hence there are no separate reportable business or geographical segments as per Accounting Standard (AS-17) on Segment Reporting.

45 The Company has revised the useful life of set top boxes from five years to eight years during the financial year 2013-2014. This has resulted reduction in depreciation charges for the year by ₹ 174.80 (previous year Nil).

46 Previous year figures have been presented for the purpose of comparison and have been regrouped/ reclassified wherever necessary.

This is the Summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

Per **Atul Seksaria**
Partner

Place : New Delhi
Date : May 28, 2014

For and on behalf of the Board of Directors of
SITI Cable Network Limited (formerly known as Wire and Wireless (India) Limited)

Subodh Kumar
Director

B K Syngal
Director

V D Wadhwa
Chief Executive Officer

Sanjay Goyal
Chief Financial Officer

Suresh Kumar
Company Secretary

Independent Auditors' Report

To the Board of Directors of SITI Cable Network Limited (formerly Wire and Wireless (India) Limited)

1. We have audited the accompanying consolidated financial statements of SITI Cable Network Limited (formerly Wire and Wireless (India) Limited), ("the Company") and its subsidiaries, and associate (hereinafter collectively referred to as the "Group"), which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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 control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and associate as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   i) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;

   ii) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and

   iii) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

7. We did not audit the financial statements of certain subsidiaries and associate included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹ 7,419.82 million as at March 31, 2014; total revenues (after eliminating intra-group transactions) of ₹ 2,781.69 million and net cash flows aggregating to ₹ 71.31 million for the year then ended. These financial statements have been audited by other auditors whose audit reports have been furnished to us by the management, and our audit opinion on the consolidated financial statements of the Group for the year then ended to the extent they relate to the financial statements not audited by us as stated in this paragraph is based solely on the audit reports of the other auditors. Our opinion is not qualified in respect of this matter.

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants
Firm Registration No.: 001076N

per **Atul Seksaria**
Partner
Membership No.: 086370

Place: New Delhi
Date: May 28, 2014

Consolidated Balance Sheet as at March 31, 2014

(₹ millions)

	Notes	March 31, 2014	March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	521.35	452.85
Share Suspense	43	314.63	-
Reserves and surplus	5	(1,582.98)	(1,922.82)
Money received against warrants	6	1,870.00	810.00
		1,123.00	(659.97)
Share application money pending allotment	46	10.41	-
Minority interest		260.75	132.32
Non-current liabilities			
Long-term borrowings	7	10,483.89	7,786.00
Deferred tax liability (net)	8	23.39	29.04
Other non-current liabilites	9	373.27	832.03
Long -term provisions	10	31.88	28.66
		10,912.43	8,675.73
Current liabilities			
Short term borrowings	11	473.87	244.85
Trade payables	12	2,448.54	1,984.07
Other current liabilities	13	2,936.05	1,575.28
Short-term provisions	10	64.97	4.60
		5,923.43	3,808.80
Total		**18,230.02**	**11,956.88**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	14	5,241.63	4,046.72
Intangible assets	15	2,345.63	372.61
Capital work-in-progress		1,702.29	691.38
Goodwill on consolidation		91.79	93.01
Non-current investments	16	8.42	8.42
Long-term loans and advances	17	632.32	3,001.21
Other non-current assets	18	479.25	594.99
		10,501.33	8,808.34
Current assets			
Current investments	19	8.04	8.04
Inventories	20	96.98	79.01
Trade receivables	21	1,953.56	967.94
Cash and bank balances	22	3,528.72	1,293.56
Short-term loans and advances	17	1,925.57	760.75
Other current assets	18	215.82	39.24
		7,728.69	3,148.54
Total		**18,230.02**	**11,956.88**
Summary of significant accounting policies	3		

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

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

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

Per **Atul Seksaria**
Partner

For and on behalf of the Board of Directors of
SITI Cable Network Limited (formerly known as Wire and Wireless (India) Limited)

Subodh Kumar
Director

B K Syngal
Director

V D Wadhwa
Chief Executive Officer

Sanjay Goyal
Chief Financial Officer

Suresh Kumar
Company Secretary

Place : New Delhi
Date : May 28, 2014

Consolidated Statement of Profit and Loss for the year ended March 31, 2014

(₹ millions)

	Notes	March 31, 2014	March 31, 2013
Revenue			
Revenue from operations	23	6,972.37	4,696.36
Other income	24	131.04	140.29
Total revenue		**7,103.41**	**4,836.65**
Expenses			
Carriage sharing, pay channel and related costs		3,339.53	2,343.45
Cost of goods sold		96.24	40.50
Employee benefit expenses	25	381.94	319.37
Finance costs	26	1,191.13	863.67
Depreciation and amortisation expenses	27	837.90	563.08
Other expenses	28	2,026.35	1,263.71
Total expenses		**7,873.09**	**5,393.78**
Loss before exceptional item and tax		**(769.68)**	**(557.13)**
Exceptional items	29	(0.33)	5.35
Loss before tax		**(769.35)**	**(562.48)**
Tax expenses			
Current tax		79.94	19.63
Minimum alternate tax (MAT) credit entitlement		(10.54)	-
Prior period tax adjustments		0.33	-
Deferred tax		(5.65)	26.65
Loss for the year after tax before minority interest		**(833.43)**	**(608.76)**
Adjustment for minority interest		107.18	31.97
Loss for the year		**(940.61)**	**(640.73)**
Loss per share after tax	30		
Basic		(2.07)	(1.42)
Diluted		(2.07)	(1.42)
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the consolidated financial statements.			

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

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

Per **Atul Seksaria**
Partner

Place : New Delhi
Date : May 28, 2014

For and on behalf of the Board of Directors of
SITI Cable Network Limited (formerly known as Wire and Wireless (India) Limited)

Subodh Kumar
Director

B K Syngal
Director

V D Wadhwa
Chief Executive Officer

Sanjay Goyal
Chief Financial Officer

Suresh Kumar
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2014

(₹ millions)

	March 31, 2014	March 31, 2013
Cash flow from operating activities		
Loss before tax	(769.35)	(562.48)
Depreciation and amortisation expenses	837.90	563.08
Loss on sale of assets (net)	12.77	0.33
Bad debts written off	33.78	16.61
Excess provision written back	(40.22)	(61.02)
Preliminary expenses written off	-	0.06
Amortisation of ancillary borrowing costs	26.53	30.36
Provision for doubtful debts	69.46	106.70
Provision for doubtful advances	35.68	32.27
VAT input credit written off	-	5.35
Unrealised foreign exchange loss	34.59	-
Interest expense	976.02	712.58
Interest income	(49.27)	(41.87)
Operating profit before working capital changes	**1,167.89**	**801.97**
Movements in working capital :		
Increase in trade payables	504.68	688.22
Increase in long-term provisions	3.48	8.56
(Decrease)/increase in short-term provisions	0.94	0.26
(Decrease)/increase in other non-current liabilites	(458.76)	823.28
Increase in other current liabilities	534.88	1.84
Increase in trade receivables	(1,088.86)	(313.65)
(Increase)/decrease in inventories	(17.98)	82.16
Increase in short-term loans and advances	(1,038.76)	(401.17)
Decrease/(increase) in long-term loans and advances	2,431.23	(2,453.97)
(Increase)/decrease in other current assets	(172.21)	2.65
Decrease in other non-current assets	0.23	0.29
Cash generated/(used in) from operations	**1,866.76**	**(759.56)**
Direct taxes paid (net of refunds)	(225.50)	(70.56)
Net cash flow from/(used in) operating activities (A)	**1,641.26**	**(830.12)**
Cash flows from investing activities		
Purchase of fixed assets including capital advance	(4,853.28)	(3,797.22)
Proceeds from sale of fixed assets	53.07	12.19
Consideration paid on acquisition of subsidiaries (net of assets acquired)	1.22	(0.23)
Sale of current investments	-	2.00
Redemption/(Investments in) of bank deposits having original maturity of more than three months and margin money deposits	134.88	(327.08)
Interest received	46.73	32.75
Net cash used in investing activities (B)	**(4,617.38)**	**(4,077.59)**

(₹ millions)

	March 31, 2014	March 31, 2013
Cash flows from financing activities		
Minority interest	21.25	0.17
Proceeds from issuance of equity share capital	1,370.00	-
Share application money pending allotment	10.41	(2.46)
Amount received against share suspense	314.63	-
Proceeds from issuance of warrants	1,060.00	810.00
Proceeds from long-term borrowings	4,644.02	5,768.76
Repayment of long-term borrowings	(1,400.26)	(895.56)
Proceeds/(Repayment) from short-term borrowings (net)	229.02	(258.85)
Interest and finance expenses paid	(1,020.58)	(726.98)
Net cash flow from financing activities (C)	**5,228.49**	**4,695.08**
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	**2,252.37**	**(212.63)**
Cash and cash equivalents at the beginning of the year	1,264.09	1,476.49
Cash and cash equivalents of entities acquired during the year	-	0.23
Cash and cash equivalents at the end of the year	**3,516.46**	**1,264.09**
Components of cash and cash equivalents		
Cash on hand	43.09	35.33
Cheques on hand	367.18	83.44
Deposits	1,359.67	55.11
With banks- on current account	1,746.52	1,090.21
Total cash and cash equivalents (note 22)	**3,516.46**	**1,264.09**
Summary of significant accounting policies (refer note 3)		

Notes:

1. Figures in bracket indicate cash outflow.

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

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

Per **Atul Seksaria**
Partner

Place : New Delhi
Date : May 28, 2014

For and on behalf of the Board of Directors of
SITI Cable Network Limited (formerly known as Wire and Wireless (India) Limited)

Subodh Kumar
Director

B K Syngal
Director

V D Wadhwa
Chief Executive Officer

Sanjay Goyal
Chief Financial Officer

Suresh Kumar
Company Secretary

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2014

1 a) Corporate information

SITI Cable Network Limited (formerly known as Wire and Wireless (India) Limited) (hereinafter referred to as 'the Company' or 'SCNL' or ' the Holding Company' or 'the Parent Company') was incorporated in the state of Maharashtra, India. The Company and its subsidiaries and associate (collectively known as 'the Group') are engaged in distribution of television channels through analogue and digital cable distribution network, primary internet and allied services.

2 a) Principles of consolidation

The consolidated financial statements include the financial statements of the Holding Company, its subsidiaries and associate (collectively referred to as "Group").

In preparing the consolidated financial statements, financial statements of the Holding Company, its subsdiaries and associate have been combined on a line by line basis by adding the book values of the like items of assets, liabilities, income and expenses after eliminating intra-group balances/ transactions and unrealised profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Parent Company and its share in the post-acquisition increase in the relevant reserves of the consolidated entities.

The results of operation of the associate have been reflected in the consolidated financial statements by following the equity method of accounting.

The excess/deficit of cost to the Parent Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which the investment in such entities was made is recognised in the financial statements as goodwill/ capital reserve. Goodwill arising on consolidation is tested for impairment when the relevant indicators of impairment are applicable. The Parent Company's portion of net worth in such entities is determined on the basis of book value of assets and liabilities as per the financial statements of the entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant changes.

Minority interest in subsidiary represents the minority shareholders' proportionate share of the net assets and net income.

Minorities' interest in net profit of consolidated subsidiaries for the year has been identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets has been identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same have been attributed to the shareholder of the Holding Company.

b) Basis of preparation

The consolidated financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rules 2006 issued by the Central Government in exercise of the power conferred under sub-section(1) (a) of Section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act'). The consolidated financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Group unless otherwise stated.

The Group's accumulated losses aggregate to ₹ 7,068.35 million as at March 31, 2014 (Previous year ₹ 6,127.74 million).

In view of the warrant subscription, mandatory digitization, expansion in central India which will yield substantial subscription revenue, increase in efficiency and assurance to extend all support in foreseeable future from holder of majority of equity shares of the Company, these financial statement are prepared on going concern basis.

3 Summary of significant accounting policies

a) Use of estimates

In preparing the Group's consolidated financial statements in conformity with accounting principles generally accepted in India, the management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in the period the same is determined.

b) Tangible fixed assets

(i) Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises of the purchase price (net of Cenvat credit availed), borrowing costs if capitalisation criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

(ii) Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

(iii) Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

(iv) Set top boxes are treated as part of capital work in progress till at the end of the month of activation thereof. Also, set top boxes intended to be sold are treated as part of inventory.

c) Depreciation on tangible fixed assets

(i) Depreciation on tangible fixed assets is calculated on a straight-line basis using the rates arrived at based on useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies act, 1956 whichever is higher. The Group has used the following rates to provide depreciation on its fixed assets:

	Rates
Building	1.63%
Plant and equipment	10% to 20%
Ground distribution network	7.07%
Furniture and fixtures	6.33%
Studio equipment	7.07%
Computers	16.21%
Vehicles	9.50%
Office equipment	4.75%
Air conditioner	4.75%
Set top boxes	12.5%
Integrated receiver and decoder (IRD) boxes	10%

(ii) Leasehold improvements are amortized over the lease term or 10 years; which ever is less.

(iii) Leasehold land is amortized over the effective period of lease.

(iv) Plant and machinery taken over under scheme of arrangement in the earlier years are depreciated over the management's estimate of remaining useful life, a period of 5 years.

(v) Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase.

(vi) In case of Siti Vision Digital Media Private Limited, studio equipment are depreciated at the rate of 4.75%.

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

e) Amortization of intangible assets

(i) Goodwill arising in a scheme of arrangement and purchase of business is amortized using the straight-line method over a period of five years.

(ii) Computer software are amortized over a period of six years on straight line basis.

(iii) Cost of news/ current affairs/ chat shows/ events including sports events etc. are fully expensed on first telecast.

(iv) Program/ film/ cable rights are amortized on a straight-line basis over the license period or 60 months from the date of purchase, whichever is shorter.

(v) In case of Indian Cable Net Company Limited, computer software are amortized over lower of useful life or period of six years on straight line basis.

(vi) In case of Indian Cable Net Company Limited, distribution network rights are amortized using the straight-line method over a period of ten years.

f) Leases

Where the Group is the lessee

Assets acquired on finance lease, which effectively transfers to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of minimum lease payments at the inception of the lease term. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Lease management fees, legal charges and other initial direct costs are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Group is the lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

g) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

h) Impairment of tangible and intangible assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and the same is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the same is accordingly reversed in the statement of profit and loss.

i) **Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

j) **Inventories**

Stores and spares are valued at cost on weighted average or at net realizable value whichever is lower.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

k) **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

(i) **Sale of goods**

Revenue from sale of goods is recognised when the significant risks and rewards in respect of ownership of the goods are transferred to the buyer, usually on delivery of the goods. The Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

Revenue from high sea sales are being recognized on transfer of title of goods to the customer.

(ii) **Income from services**

Subscription income is recognized on completion of services.

Lease rentals charges and carriage income are recognised on accrual basis over the terms of related agreements. Carriage revenue recognition is deferred till formal agreement is executed with broadcasters.

Advertisement income is recognised when the related advertisement appears before the public. Other advertisement revenue for slot sale is recognised on period basis.

Activation fees on Set top boxes (STB) is recognised as revenue on activation of the related boxes.

The Group collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

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

Interest

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

l) **Foreign currency transaction**

(i) **Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) **Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and the non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Group at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Exchange differance arising on long-term foreign currency monetory items related to acquisition of a fixed assets are capitalised and depreciated over the remaining useful life of assets

Exchange differance arising on other long-term foreign currency monetory items are accmulated in the " Foreign Currancy Monetory Items Translation Differance Account" and amortised over the remaining life of concerned monetory items.

m) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Group has no other obligation, other than the contribution payable to the provident fund.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year or in case of plans administredbu insurers, based on contribution determined by the insurer.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. Short term compensated absences are provided for based on estimates. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains / losses are immediately recognised to the statement of profit and loss and are not deferred.

n) Income tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is recognised by way of a credit to the statement of profit and loss and presented as MAT credit entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Group will pay normal income tax during the specified period.

o) Employees stock compensation cost

Measurement and disclosure of the stock option granted the Group's employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Group measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

p) Segment reporting

The Group is a multi system operator providing cable television network services, internet services and allied services which is considered as the only reportable segment. The Group's operations are based in India.

q) Earning per share

(i) Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

(ii) For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

r) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

s) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

t) Cash and cash equivalents

Cash and Cash equivalents in the Cash Flow Statement comprise cash at bank and in hand, cheques in hand and short term investments with an original maturity of three months or less.

u) Amortisation of borrowing cost

Costs incurred in raising funds are amortized equally over the period for which the funds are raised. Preliminary expenditure are amortized in the year when they are incurred except in case of Siti Broadband South Limited where these are amortized over a period of 10 years.

4 Share capital

(₹ millions)

	March 31, 2014	March 31, 2013
Authorised share capital		
740,000,000 (Previous year: 740,000,000) equity shares of ₹ 1 each	740.00	740.00
10,000,000 (Previous year: 10,000,000) preference shares of ₹ 1 each	10.00	10.00
Total authorised capital	**750.00**	**750.00**
Issued share capital		
521,940,038 (Previous year 453,440,038) equity shares of ₹ 1 each	521.94	453.44
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
Total issued capital	**520.73**	**452.23**
Subscribed and fully paid up capital		
520,712,915 (Previous year: 452,212,915) equity shares of ₹ 1 each fully paid up	520.71	452.21
23,436 (Previous year: 23,436) 7.25% Non cumulative redeemable preference shares of ₹ 1 fully paid up	0.02	0.02
Total paid up capital	520.73	452.23
Forfeited shares	0.62	0.62
	521.35	**452.85**

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

Equity shares

	March 31, 2014		March 31, 2013	
	No. of shares	₹ millions	No. of shares	₹ millions
Outstanding at the beginning of the year	452,212,915	452.21	452,212,915	452.21
Add: Issued on conversion of warrants	68,500,000	68.50	-	-
Outstanding at the end of the year	**520,712,915**	**520.71**	**452,212,915**	**452.21**

Preference shares

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

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Terms/ rights attached to preference shares

The Company has only one class of 7.25% Non-cumulative redeemable preference shares of ₹1 each. The said preference shares were allotted to Zee Telefilms Limited (now Zee Entertainment Enterprises Limited) on December 29, 2006, pursuant to the scheme of arrangement for demerger of cable business undertaking of Zee Telefilms Limited approved by the Hon'ble Bombay High Court vide its order dated November 17, 2006. Initially, as per the terms of the issue and allotment, the said preference shares were due for redemption on December 29, 2008. However, with the written consent/ approval of Zee Entertainment Enterprises Limited, the terms of the issue of said preference shares was varied by extending the period of redemption by another three years i.e. till December 29, 2011. Later on June 6, 2011 these shares were transferred to Churu Enterprises LLP by Zee Entertainment Enterprises Limited.

Period for redemption of preference shares has been extended by another period of five years till December 29, 2016 by Churu Enterprises LLP. The preference shares are redeemable at par.

In the event of liquidation of the Company before redemption of preference shares, the holders of preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

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

	March 31, 2014		March 31, 2013	
Preference shares	**No. of Shares**	**% of Holding**	**No. of Shares**	**% of Holding**
Churu Enterprises LLP	23,436	100%	23,436	100%

	March 31, 2014		March 31, 2013	
Equity shares	**No. of Shares**	**% of Holding**	**No. of Shares held**	**% of Holding**
Bioscope Cinemas Private Limited	50,670,529	9.73%	122,040,427	26.99%
Direct Media Solutions Private Limited	140,000,000	26.89%	140,000,000	30.96%
Essel International Limited	31,966,049	6.14%	-	-
Essel Media Ventures Limited	58,714,951	11.28%	-	-
Digital Satellite Holdings Private Limited (formerly know as Agamesh Builders Private Limited)	71,369,898	13.70%	-	-

(e) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 34.

(f) Terms of securities convertible into equity shares issued along with earliest date of conversion

During the year ended March 31, 2013, the Company issued 162,000,000 convertible warrants on preferential basis upon payment of a consideration of ₹ 20 per warrant. Each convertible warrant is convertible into one equity share of ₹1 each at a premium of ₹19 per share. Holders of such warrants have the option to convert these warrants into equity shares upon payment of aforesaid consideration on or before eighteen months from the date of allotment of warrants, viz. March 19, 2013. During the year ended March 31, 2014, 6,85,00,000 equity shares have been allotted pursuant to the exercise of option. Amount outstanding as at the year end and disclosed as money received against convertible warrants constitutes ₹ 20 (Previous year ₹ 5) per warrant received from the holders of 93,500,000 (Previous year 162,000,000) warrants which have been converted into equity shares on April 02, 2014.

5 Reserves and surplus

(₹ millions)

	March 31, 2014	March 31, 2013
Foreign currency monetary item translation difference account		
Balance at beginning of the year	-	-
Add: Recognised during the year.	(55.64)	-
Less: Amortised during the year	(34.59)	-
Balance at the end of the year	(21.05)	-
Securities premium account		
Balance at the beginning of the year	4,200.07	4,200.07
Add: Premium received on issue of shares	1,301.50	-
Balance at the end of the year	5,501.57	4,200.07
Employee stock options outstanding		
Employee stock options outstanding	4.85	5.25
Less: Deferred employee compensation	-	0.40
	4.85	4.85
Deficit in the statement of profit and loss		
Balance at the beginning of the year	(6,127.74)	(5,487.01)
Loss for the year	(940.61)	(640.73)
Balance at the end of the year	(7,068.35)	(6,127.74)
	(1,582.98)	**(1,922.82)**

6 Money received against warrants

Money received against warrants	1,870.00	810.00

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

(₹ millions)

	March 31, 2014	March 31, 2013
Balance unutilised at the end of the previous year	72.74	-
Add: Proceeds received during the year	2,430.00	810.00
Utilised for working capital requirements	194.40	270.00
Utilised for capital expenditure and capital advances	465.54	467.26
Balance unutilised at the end of the current year*	**1,842.80**	**72.74**

* Balance unutilised amount is lying in fixed deposit and current accounts with banks.

7 Long-term borrowings

(₹ millions)

		March 31, 2014		March 31, 2013	
		Non-current	Current	Non-current	Current
(a)	**Term loans from banks (Secured)**				
	Term Loan	6,057.69	1,554.13	5,647.76	1,063.51
	Buyer's credits	4,292.13	110.12	2,039.06	-
	Finance lease obligations	1.81	1.24	2.37	0.48
(b)	**Other borrowings (Unsecured)**	132.26	-	96.81	-
		10,483.89	**1,665.49**	**7,786.00**	**1,063.99**
	The above amount includes				
	Secured borrowings	10,351.63	1,665.49	7,689.19	1,063.99
	Unsecured borrowings	132.26	-	96.81	-
	Amount disclosed under the head "other current liabilities" (Note 13)	-	(1,665.49)	-	(1,063.99)
	Net amount	**10,483.89**	**-**	**7,786.00**	**-**

8 Deferred tax liability (net)

(₹ millions)

	March 31, 2014	March 31, 2013
Deferred tax liabilities		
Unamortised expenditure for ancillary cost of arranging the borrowings	48.39	23.58
Timing difference in depreciation and amortisation of tangible and intangible assets	58.84	45.63
Gross deferred tax liabilities	**107.23**	**69.21**
Deferred tax assets		
Expenditure debited to statement of profit & loss account in the current year but allowed for tax purposes in following years	17.71	1.74
Provision for doubtful debts and advances	66.13	38.43
Gross deferred tax assets	**83.84**	**40.17**
Net deferred tax liability	**23.39**	**29.04**

9 Other non-current liabilites

(₹ millions)

	March 31, 2014	March 31, 2013
Advance from customers	2.84	3.02
Interest free deposit from customers	46.09	113.33
Payable for fixed assets	324.34	715.68
	373.27	**832.03**

10 Provisions

(₹ millions)

	March 31, 2014		March 31, 2013	
	Long-term	Short-term	Long-term	Short-term
Provision for employee benefits (Refer Note 33)				
Provision for gratuity	19.02	0.97	17.22	0.36
Provision for compensated abesences	12.49	0.90	10.81	0.58
Provision for taxation	0.37	63.10	0.63	3.66
	31.88	**64.97**	**28.66**	**4.60**

11 Short-term borrowings

(₹ millions)

	March 31, 2014	March 31, 2013
Secured		
Loans repayable on demand	473.87	244.85
	473.87	**244.85**

12 Trade payables

(₹ millions)

	March 31, 2014	March 31, 2013
Dues to others	2,448.54	1,984.07
	2,448.54	**1,984.07**

13 Other current liabilities

(₹ millions)

	March 31, 2014	March 31, 2013
Current maturities of long-term borrowings (Refer note 7)	1,664.25	1,063.51
Current maturities of finance lease obligations (Refer note 7)	1.24	0.48
Interest accrued but not due on borrowings	48.32	62.03
Interest accrued and due on borrowings	1.24	1.56
Share application money refundable	-	17.60
Book overdraft	104.70	127.11
Advance from customers	34.62	59.51
Payable for fixed assets	238.43	-
Payable to employees	2.85	10.18
Income received in advance	88.05	39.29
Others		
Interest free deposits from customers	61.46	-
Statutory liabilities payable	406.79	94.63
Contractual liabilities payable	284.10	99.38
	2,936.05	**1,575.28**

14 Tangible assets

(₹ millions)

Gross block	Building	Leasehold land	Plant and equipment	Computers	Office equipment	Furniture and fixtures	Air conditioners	Studio equipment	Vehicles	Ground distribution network	Leasehold improvements	Set top boxes	IRD boxes	Total
Balance as at April 1, 2012	27.58	8.92	2,220.99	91.99	30.71	36.25	13.70	37.44	17.05	286.28	41.08	847.34	1.26	3,660.59
Addition on acquisition of subsidiaries	-	-	15.39	0.05	0.05	0.47	0.03	-	-	-	-	-	-	15.99
Additions	-	-	256.42	10.16	4.16	1.18	1.64	4.94	1.81	41.06	7.18	2,623.16		2,951.71
Deductions	-	-	6.85	-	-	-	-	-	0.36	6.26	-	3.65	-	17.12
Balance as at March 31, 2013	**27.58**	**8.92**	**2,485.95**	**102.20**	**34.92**	**37.90**	**15.37**	**42.38**	**18.50**	**321.08**	**48.26**	**3,466.85**	**1.26**	**6,611.17**
Addition on acquisition of subsidiaries	-	-	41.78	0.62	0.11	3.06	-	-	-	14.33	-	77.98	-	137.88
Addition on amalgamation (refer note 40)	-	-	12.05	1.70	1.26	6.44	-	-	4.14	-	-	-	-	25.59
Additions	-	-	89.37	9.55	4.04	1.08	0.32	0.59	1.38	29.48	7.35	1,689.04	-	1,832.20
Deductions	-	-	3.44	-	0.05	-	-	-	0.23	6.52	-	28.34	-	38.58
Balance as at March 31, 2014	**27.58**	**8.92**	**2,625.71**	**114.07**	**40.28**	**48.48**	**15.69**	**42.97**	**23.79**	**358.37**	**55.61**	**5,205.53**	**1.26**	**8,568.26**
Accumulated depreciation														
Balance as at April 1, 2012	7.10	0.74	1,415.22	71.40	10.84	15.77	5.00	27.89	6.72	92.87	22.65	373.60	0.66	2,050.46
Charge for the year	0.47	0.09	146.40	9.98	1.97	2.24	0.67	0.98	1.42	13.34	5.97	335.07	-	518.60
Reversal on disposal of assets	-	-	0.32	-	-	-	-	-	0.34	0.48		3.47		4.61
Balance as at March 31, 2013	**7.57**	**0.83**	**1,561.30**	**81.38**	**12.81**	**18.01**	**5.67**	**28.87**	**7.80**	**105.73**	**28.62**	**705.20**	**0.66**	**2,564.45**
Addition on acquisition of subsidiaries	-	-	0.13	0.01	0.00	0.02	-	-	-	0.08	-	-	-	0.24
Addition on amalgamation (refer note 40)	-	-	3.15	1.40	0.67	1.87	-	-	0.63	-	-	-	-	7.72
Charge for the year	0.47	0.06	151.24	6.81	2.11	1.89	0.77	1.29	1.58	15.86	7.32	571.03	-	760.43
Reversal on disposal of assets	-	-	1.57	-	-	-	-	-	0.13	0.95	-	3.56	-	6.21
Balance as at March 31, 2014	**8.04**	**0.89**	**1,714.25**	**89.60**	**15.59**	**21.79**	**6.44**	**30.16**	**9.88**	**120.72**	**35.94**	**1,272.67**	**0.66**	**3,326.63**
Net block														
Balance as at March 31, 2013	**20.01**	**8.09**	**924.65**	**20.82**	**22.11**	**19.89**	**9.70**	**13.51**	**10.70**	**215.35**	**19.64**	**2,761.65**	**0.60**	**4,046.72**
Balance as at March 31, 2014	**19.54**	**8.03**	**911.46**	**24.47**	**24.69**	**26.69**	**9.25**	**12.81**	**13.91**	**237.65**	**19.67**	**3,932.86**	**0.60**	**5,241.63**

Note:- The Company has exercised the option available under paragraph 46A of Accounting Standard-11 "The Effects of Changes in Foreign Exchange Rates" accordingly during the current year foreign exchnage loss of ₹ 136.44 millions (previous year Nil) has been added to the gross block of set top boxes and ₹ 15.79 millions (previous year Nil) has been added to capital work in progress.

15 Intangible assets

(₹ millions)

Gross block	Goodwill	Program/ film/ cable rights	Distribution Network Rights	Computer softwares	Total
Balance as at April 1, 2012	75.54	50.33	-	145.63	271.50
Additions	-	-	-	277.59	277.59
Balance as at March 31, 2013	**75.54**	**50.33**	**-**	**423.22**	**549.09**
Addition on acquisition of subsidiaries	-	-	-	10.23	10.23
Addition on amalgamation (refer note 40)	421.33	-	1,550.00	0.05	1,971.38
Additions	-	-	-	115.32	115.32
Deductions	33.48	-	-	-	33.48
Balance as at March 31, 2014	**463.39**	**50.33**	**1,550.00**	**548.82**	**2,612.54**
Accumulated amortisation					
Balance as at April 1, 2012	12.83	47.18	-	71.99	132.00
Charge for the year	7.65	-	-	36.83	44.48
Balance as at March 31, 2013	**20.48**	**47.18**	**-**	**108.82**	**176.48**
Addition on acquisition of subsidiaries	-	-	-	-	-
Addition on amalgamation (refer note 40)	-	-	12.92	0.04	12.96
Charge for the year	6.15	-	-	71.32	77.47
Balance as at March 31, 2014	**26.63**	**47.18**	**12.92**	**180.18**	**266.91**
Net block					
Balance as at March 31, 2013	**55.06**	**3.15**	**-**	**314.40**	**372.61**
Balance as at March 31, 2014	**436.76**	**3.15**	**1,537.08**	**368.64**	**2,345.63**

16 Non-current investments (Trade, unquoted) (Valued at cost unless stated otherwise)

(₹ millions)

	March 31, 2014	March 31, 2013
Investment in equity instruments-associate		
70,500 (Previous year 70,500) equity share of ₹ 10 each fully paid up of Siti Chhattisgarh Multimedia Private Limited	8.42	8.42
Investment in equity instruments-others		
480 (Previous year 480) equity shares of ₹ 100 each fully paid up of Master Ads Private Limited	0.05	0.05
9,500 (Previous year 9,500) equity shares of ₹10 each fully paid up of Dakshin Communication Private Limited	1.77	1.77
3,000 (Previous year 3,000) equity shares of ₹10 each fully paid up of Centre Channel Private Limited	0.23	0.23
	10.47	10.47
Less : Provision for diminution in the value of investments	2.05	2.05
	8.42	**8.42**
Investment in preference shares		
14,080 (previous year 14,080) 6% Non-cumulative redeemable preference shares of ₹ 100 each fully paid up of Haryana Communication Network Private Limited	7.04	7.04
Less : Provision for diminution in the value of investments	7.04	7.04
	-	-
Total	**8.42**	**8.42**
Aggregate amount of unquoted investments	**8.42**	**8.42**

In addition to the above, the Company holds certain 6% Non-cumulative redeemable preference shares of ₹ 100 each fully paid up in a few companies which have been completely written off against provision for diminution in value of investments in earlier years.

17 Loans and advances

(₹ millions)

	March 31, 2014		March 31, 2013	
	Long-term	Short-term	Long-term	Short-term
Capital advances				
Unsecured, considered good	339.63	-	330.49	-
Unsecured considered doubtful	-	-	4.50	-
Less: Provision for doubtful capital advances	-	-	4.50	-
	339.63	-	330.49	-
Security deposits				
Unsecured, considered good	104.61	15.10	129.48	1.49
Doubtful	2.83	-	2.81	-
	107.44	15.10	132.29	1.49
Less: Provision for doubtful security deposits	2.83	-	2.81	-
	104.61	15.10	129.48	1.49
Advances recoverable in cash or kind				
Unsecured, considered good				
Other advances	86.77	1,196.26	2,502.80	172.33
Doubtful				
Advances to distribution companies	-	750.75	-	837.83
	86.77	1,947.01	2,502.80	1,010.16
Less: Provision for doubtful advances	-	750.75	-	837.83
	86.77	1,196.26	2,502.80	172.33
Other loans and advances				
Unsecured, considered good				
Advance tax	91.65	355.88	38.44	194.13
Balances with statutory authorities	9.66	347.11	-	388.65
Prepaid expenses	-	11.22	-	4.15
	101.31	714.21	38.44	586.93
	632.32	**1,925.57**	**3,001.21**	**760.75**

18 Other assets

(₹ millions)

	March 31, 2014		March 31, 2013	
	Non-current	Current	Non-current	Current
Considered good unless stated otherwise				
Non-current bank balances (refer note 22)	424.34	-	542.01	-
	424.34	-	542.01	-
Unamortised expenditure				
Ancillary cost of arranging the borrowings	54.91	25.38	52.75	23.55
	54.91	25.38	52.75	23.55
Others				
Interest accrued on fixed deposits	-	18.23	-	15.69
Unbilled revenue	-	172.21	0.23	-
	-	190.44	0.23	15.69
	479.25	**215.82**	**594.99**	**39.24**

19 Current investments (Non trade, unquoted) (Valued at lower of cost or fair value)

(₹ millions)

	March 31, 2014	March 31, 2013
Investments in mutual funds		
250,404 (Previous year 250,404) units of face value of ₹ 10 each of ICICI Prudential Flexible Income Premium Growth	2.54	2.54
3,176 (Previous year 3,176) units of face value of ₹100 each of Taurus Short Term Income Fund - Growth Plan	5.50	5.50
	8.04	**8.04**
Aggregate amount of unquoted investment	8.04	8.04

20 Inventories (valued at lower of cost or net realizable value)

(₹ millions)

	March 31, 2014	March 31, 2013
Stores and spares	96.98	79.01
	96.98	**79.01**

21 Trade receivables

(₹ millions)

	March 31, 2014	March 31, 2013
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	622.39	145.98
Unsecured, considered doubtful	1,360.43	1,573.88
	1,982.82	1,719.86
Less: Provision for doubtful debts	1,360.43	1,573.88
	622.39	145.98
Other receivables		
Unsecured, considered good	1,331.17	821.96
Unsecured, considered doubtful	1.90	0.01
	1,333.07	821.97
Less: Provision for doubtful debts	1.90	0.01
	1,331.17	821.96
	1,953.56	**967.94**

22 Cash and bank balances

(₹ millions)

	March 31, 2014		March 31, 2013	
	Non-current	Current	Non-current	Current
Cash and cash equivalents				
Cash on hand	-	43.09	-	35.33
Cheques on hand	-	367.18	-	83.44
Balances with banks:				
On current accounts	-	1,746.52	-	1,090.21
Deposits with original maturity of less than three months	-	1,359.67	-	55.11
	-	3,516.46	-	1,264.09
Other bank balances				
Deposits with original maturity of more than 3 months but less than 12 months and residual maturity of less than 12 months	-	12.26	-	28.49
Margin money deposit	424.34	-	542.01	0.98
	424.34	12.26	542.01	29.47
Amount disclosed under non-current assets (note 18)	424.34	-	542.01	-
	-	**3,528.72**	**-**	**1,293.56**

23 Revenue from operations

(₹ millions)

	March 31, 2014	March 31, 2013
Sale of services		
Subscription income	3,395.13	1,206.89
Advertisement income	179.90	151.10
Carriage income	2,271.11	2,035.47
Activation income	805.52	1,231.49
Other operating revenue		
Sale of traded goods*	106.07	39.26
Lease rental charges	21.73	24.72
Management charges and other networking income	192.70	7.04
Scrap sales	0.21	0.39
	6,972.37	**4,696.36**
***Details of sale of traded goods**		
Set top box and viewing cards	102.65	37.81
Store and spares	3.42	1.45
	106.07	**39.26**

24 Other income

(₹ millions)

	March 31, 2014	March 31, 2013
Interest income on		
Bank deposits	49.27	41.87
Others	4.65	0.13
Excess provision written back	40.22	61.02
Other non-operating income	36.90	37.27
	131.04	**140.29**

25 Employee benefit expenses

(₹ millions)

	March 31, 2014	March 31, 2013
Salaries, allowances and bonus	332.37	275.30
Contributions to provident and other funds	20.62	17.90
Employee benefits expenses	7.55	11.08
Staff welfare expenses	21.40	15.09
	381.94	**319.37**

26 Finance costs

(₹ millions)

	March 31, 2014	March 31, 2013
Interest	976.02	712.58
Bank charges	188.58	120.73
Amortisation of ancillary borrowing costs	26.53	30.36
	1,191.13	**863.67**

27 Depreciation and amortisation expenses

(₹ millions)

	March 31, 2014	March 31, 2013
Depreciation of tangible assets (Refer note 14)	760.43	518.60
Amortisation of intangible assets (Refer note 15)	77.47	44.48
	837.90	**563.08**

28 Other expenses

(₹ millions)

	March 31, 2014	March 31, 2013
Rent	93.25	87.94
Rates and taxes	20.21	15.29
Communication expenses	17.68	16.64
Repairs and maintenance		
- Plant and equipment	60.55	57.47
- Building	0.37	0.76
- Others	22.19	30.06
Electricity and water charges	46.21	39.89
Legal, professional and consultancy charges	79.31	78.33
Printing and stationery	4.90	8.63
Service charges	125.36	90.51
Travelling and conveyance expenses	39.70	32.61
Payment to auditors	4.82	4.84
Vehicle expenses	23.53	21.21
Insurance expenses	3.20	4.29
Provision for doubtful debts*	69.46	106.70
Bad debts written off	33.78	16.61
Provision for doubtful advances	35.68	32.27
Loss on sale of assets (net)	12.77	0.33
Preliminary expenses written off	-	0.06
Advertisement and publicity expenses	53.32	73.27
Commission charges and incentives	175.58	84.67
Additional LCO commission	158.11	-
Rebate and discount	187.74	54.12
Program production expenses	25.43	16.98
Other operational cost	544.17	311.86
Business and sales promotion	24.54	21.20
Forex loss	115.74	-
Miscellaneous expenses	48.75	57.17
	2,026.35	**1,263.71**

** Provision for doubtful debts is net of liabilities written back ₹ 41.53 million (Previous year ₹ 87.09 million).

29 Exceptional items

(₹ millions)

	March 31, 2014	March 31, 2013
VAT input credit written off	-	5.35
Other	(0.33)	-
	(0.33)	**5.35**

30 Earnings per share

(₹ millions)

	March 31, 2014	March 31, 2013
Loss attributable to equity shareholders	(940.61)	(640.73)
Number of weighted average equity shares		
Basic	453,526,614	452,212,915
Diluted	453,526,614	452,212,915
Nominal value of equity share (₹ 1)	1	1
Loss per share after exceptional item and after tax		
Basic	(2.07)	(1.42)
Diluted	(2.07)	(1.42)

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

31 In compliance with Accounting Standard – 21 "Consolidated Financial Statements" and Accounting Standard – 23 "Accounting for Investments in Associates in Consolidated Financial Statements" referred to in the Companies (Accounting Standards) Rules 2006 issued by the Central Government in exercise of the power conferred under sub-section(1)(a) of Section 642 and the relevant provisions of the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013, the Parent Company has prepared the accompanying consolidated financial statements, which include the financial statements of the Parent Company, its subsidiaries and the results of operations of its associate listed below:

Name of the subsidiaries	Country of incorporation	Percentage of ownership
Indian Cable Net Company Limited (hereinafter referred as "ICNCL")*	India	67.99%
Central Bombay Cable Network Limited (hereinafter referred as "CBCNL")	India	100.00%
Siticable Broadband South Limited (hereinafter referred as "SBSL")	India	100.00%
Wire and Wireless Tisai Satellite Limited (hereinafter referred as "WWTSL")	India	51.00%
Master Channel Community Network Private Limited (hereinafter referred as "MCCNPL")**	India	66.00%
Siti Vision Digital Media Private Limited (hereinafter referred as "SVDMPL")	India	51.00%
Siti Jind Digital Media Communications Private Limited (hereinafter referred as "SJDMCPL")	India	51.00%
Siti Jai Maa Durgee Communications Private Limited (hereinafter referred as "SJMDCPL")	India	51.00%
Siti Bhatia Network Entertainment Private Limited (hereinafter referred as "SBNEPL")	India	51.00%

Name of the subsidiaries	Country of incorporation	Percentage of ownership
Siti Jony Digital Cable Network Private Limited (SJDCNPL)	India	51.00%
Siti Krishna Digital Media Private Limited (SKDMPL)	India	51.00%
Siti Faction Digital Private Limited (SFDPL)	India	51.00%
Siti Guntur Digital Network Private Limited (SGDNPL)	India	74.00%
Siti Maurya Cable Net Private Limited (SMCNPL) w.e.f. April 1, 2013 ***	India	50.10%

*Include 0.30% held through CBNCL

** Subsidiary of CBCNL.

*** Subsidiary of ICNCL

Name of the associate	Country of incorporation	Percentage of ownership
Siti Chhattisgarh Multimedia Private Limited (SCMPL)****	India	23.50%

**** Associate of SBNEPL

32 In view of the mandatory digital addressable system ('DAS') regulation announced by the Ministry of Information and Broadcasting, Government of India, digitization of cable networks has been implemented in the cities notified for phase 1 and phase 2 effective November 1, 2012 and April 1, 2013 respectively. Owing to the initial delays in implementation of DAS in phase 1 and phase 2 cities and challenges faced by all the Multi-System Operators (MSOs) during transition from analog business to DAS, the Group is in the process of executing contracts with the subscribers and implementation of revenue sharing contracts entered into with the local cable operators (LCOs). Accordingly, the Group has invoiced and recognized subscription revenue net of sharing of revenue with the LCOs under the new DAS regime.

33 Gratuity and other post-employment benefit plans

Defined contribution plan

Contribution to defined contribution plan, recognized as expense for the year are as under :-

Employer's contribution to provident Fund ₹19.85 million (Previous year ₹ 17.09 million)..

Defined benefit plan

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary of last drawn salary for each completed year of service. These benefits are unfunded except in case of ICNCL where the same are funded.

The following table summarizes the components of net benefit expenses recognized in the statement of profit and loss and amounts recognized in the balance sheet for the respective plans.

Expense recognised in statement of profit and loss

(₹ millions)

	Gratuity	
	March 31, 2014	March 31, 2013
Current service cost	4.47	4.17
Interest cost on benefit obligation	1.83	1.16
Actuarial gain on plan assets	(0.23)	(0.20)
Net actuarial (gain)/loss recognized in the year	(2.17)	1.26
Expenses recognised in statement of profit and loss	**3.90**	**6.39**
Actual return on plan assets	(0.26)	0.20

Benefit asset/ liability

(₹ millions)

	Gratuity	
	March 31, 2014	March 31, 2013
Present value of defined benefit obligation	(23.45)	(20.38)
Fair value of plan assets	3.46	2.80
Plan liability	**(19.99)**	**(17.58)**

Changes in fair value of assets

(₹ millions)

	Gratuity	
	March 31, 2014	March 31, 2013
At the beginning of the year	2.80	2.18
Actuarial gain on plan assets	0.26	0.20
Contribution by employer	0.40	0.42
Benefits paid	-	-
At the closing of the year	**3.46**	**2.80**
Expected employer contribution next year#	0.90	0.90

pertains to ICNCL only.

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

(₹ millions)

	Gratuity	
	March 31, 2014	March 31, 2013
Present value of defined benefit obligation at the beginning of the year	20.38	14.21
Current service cost	4.47	4.17
Interest cost	1.83	1.17
Benefits paid	(1.06)	(0.43)
Actuarial (gains)/ loss recognised during the year	(2.17)	1.26
Present value of defined benefit obligation at the end of the year *	**23.45**	**20.38**

The principal assumptions used in determining present value of defined benefit obligation given below:

	Leave encashment		Gratuity	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Discount rate (per annum)	9.00%	8.25% - 8.75%	9.00%	8.25% - 8.75%
Rate of escalation in salary (per annum)	5.00% - 8.00%	5.00% - 8.00%	5.00% - 8.00%	5.00% - 8.00%
Rate of return of plan assets	8.75%	8%	8.75%	8%
Withdrawal rate (per annum)	2.00%	2.00%	2.00%	2.00%
Mortality rate	IALM 2006-08 Ultimate	LIC 94-96 Ultimate	IALM 2006-08 Ultimate	LIC 94-96 Ultimate

Amounts for the current and previous four periods are as follows:

(₹ millions)

Gratuity	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Defined benefit obligation	23.45	20.38	14.22	13.43	11.07
Plan assets*	3.46	2.80	2.18	2.27	1.10
Net deficit	(19.99)	(17.58)	(12.04)	(11.16)	(9.97)
Experience adjustments on plan liabilities	0.02	1.07	1.70	1.11	(1.83)

*pertains to ICNCL only.

34 Employee Stock Option Plan –ESOP-2007

The Holding Company instituted the Employee Stock Option Plan – ESOP-2007 to grant equity based incentives to its eligible employees. The ESOP-2007 ("the Scheme") has been approved by the Board of Directors of the Holding Company at their meeting held on June 27, 2007 and by the shareholders of the Holding Company by way of special resolution passed at their Annual General Meeting held on September 18, 2007 to grant 4,344,355 options (not exceeding 2% of the issued, subscribed and paid up equity share capital of the Holding Company as on March 31, 2007), representing one share for each option upon exercise by the employee of the Holding Company at an exercise price determined by the Board/ remuneration committee. The Scheme covers grant of options to the specified permanent employees of the Holding Company and Directors of the Holding Company, whether whole time directors or otherwise as may be decided by the Board.

The options granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. Under the terms of the Scheme, 20% of the options will vest in the employee every year equally. The option grantee must exercise all vested options within a period of four years from the date of vesting. Once the options vest as per the Scheme, they would be exercisable by the option grantee at any time and the shares arising on exercise of such options shall not be subject to any lock-in period.

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

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

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

(₹ millions)

	March 31, 2014		March 31, 2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	172,600	20.00	172,600	20.00
Expired/lapsed during the year	-	-	-	-
Outstanding at the end of the year	172,600	20.00	172,600	20.00
Exercisable at the end of the year	172,600	20.00	172,600	20.00

There is no activity under plan 2.

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

(₹ millions)

	March 31, 2014		March 31, 2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	623,000	17.45	686,600	17.45
Expired/Lapsed during the year	143,700	17.45	63,600	17.45
Outstanding at the end of the year	479,300	17.45	623,000	17.45
Exercisable at the end of the year	383,440	17.45	373,800	17.45

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

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

The details of exercise price for stock options outstanding as at March 31, 2013 :

Number of options outstanding	172,600	623,000
Weighted average remaining contractual life of options (in years)	2 year	3 years
Weighted average exercise price (₹)	20	17.45

35 Leases

Finance lease: Group as lessee

Vehicles obtained on finance lease are for 4 years after which the legal title is passed to the lessee. There is no escalation clause in the lease agreement. There are no restrictions imposed by the lease arrangements. There are no subleases.

(₹ millions)

	March 31, 2014		March 31, 2013	
	Minimum lease payments (MLP)	Present value of MLP	MLP	Present value of MLP
Within one year	1.50	1.24	1.24	0.99
After one year but not more than five years	2.05	1.81	2.09	1.86
More than five years	-	-	-	-
Total minimum lease payments	3.55	3.05	3.33	2.85
Less: amounts representing finance charges	0.50	-	0.48	-
Present value of minimum lease payments	3.05	3.05	2.85	2.85

Operating lease : Group as lessee

The Group's significant leasing arrangements are in respect of operating leases taken for offices, residential premises, godowns, stores, etc. These leases are cancelable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the lease generally is for 11 to 120 months. Total future minimum lease payments due under non cancellable operating lease is:-

(₹ millions)

	March 31, 2014	March 31, 2013
Within one year	-	15.16
After one year but not more than five years	-	43.44
More than five years	-	-
	-	**58.60**

Rental expense for operating leases for the years ended March 31, 2014 and March 31, 2013 was ₹ 93.25. millions and ₹ 87.94 millions respectively.

In case of assets given on lease

Operating lease

Set top boxes given under operating leases are capitalised at an amount equal to cost arrived and the rental income is recognised on equal monthly rental.

The Group has leased assets to its business associates and other parties by way of operating lease. The detail of gross book value of such assets, accumulated depreciation and depreciation for the year is as under.

	Gross block as on March 31, 2014	Accumulated depreciation	Depreciation charged during the year
	142.30	**19.96**	16.42

	Gross block as on March 31, 2013	Accumulated depreciation	Depreciation charged during the year
	55.55	3.53	3.53

The total future minimum lease payment receivable under non cancellable operating lease is:

(₹ millions)

	March 31, 2014	March 31, 2013
Lease payment for the year	29.18	3.18
Minimum lease payment not later than 1 year	30.00	13.32
Minimum lease payment later than 1 year but not later than 5 years	72.64	43.44
Minimum lease payment later than 5 years	-	-

36 Related party disclosures

(i) Names of related parties where control exists

Associate Company

Siti Chhattisgarh Multimedia Private Limited

(ii Key Management Personnel

Mr. Subhash Chandra, Director, Mr. Amit Goenka, Whole-Time Director (till May 31, 2013), V.D. Wadhwa, CEO, (from April 29, 2013)

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

Dish TV India Limited

Zee Entertainment Enterprises Limited

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

Zee Sports Limited

Zee Turner Limited

Essel International Limited

Essel Media Ventures Limited

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

a. Sale/ purchase of goods and services

(₹ millions)

	Year ended	Sale of goods and services	Purchase of traded goods	Balance owed by related parties	Balance owed to related parties
Associate					
Siti Chhattisgarh Multimedia Private Limited	March 31, 2014	18.02	-	3.88	5.32
	March 31, 2013	17.03	-	2.71	4.70
Enterprises owned or significantly influenced by key management personnel or their relatives					
Dish TV India Limited	March 31, 2014	-	0.03	-	-
	March 31, 2013	0.53	0.15	-	14.17
Zee Entertainment Enterprises Limited	March 31, 2014	151.31	7.99	11.86	4.91
	March 31, 2013	208.10	9.06	22.79	11.74
Zee Turner Limited	March 31, 2014	-	-	0.21	281.65
	March 31, 2013	-	-	0.21	281.65
Zee Media Corporation Limited (formerly known as Zee News Limited)	March 31, 2014	50.96	2.75	20.05	13.53
	March 31, 2013	60.13	2.75	13.86	10.78

b. Advance given and repayment thereof

(₹ millions)

	Year ended	Advances given	Repayment	Balance owed by related parties
Enterprises owned or significantly influenced by key management personnel or their relatives				
Zee Turner Limited	March 31, 2014	-	-	13.15
	March 31, 2013	-	0.29	13.15

c. Advances taken and repayment thereof

(₹ millions)

	Year ended	Loans taken	Repayment	Balance owed to the related parties
Enterprises owned or significantly influenced by key management personnel or their relatives				
Zee Media Corporation Limited (formerly known as Zee News Limited)	March 31, 2014	-	-	-
	March 31, 2013	-	24.10	-

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

(₹ millions)

	Expenditure paid by the Company on behalf of the others		Expenditure paid by others on behalf of the Company	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Zee Entertainment Enterprises Limited	4.51	14.10	12.64	14.38
Zee Media Corporation Limited (formerly known as Zee News Limited)	-	0.01	-	-
Zee Turner Limited	0.81	1.35	-	-
Dish TV India Limited	-	0.02	0.05	-

e. **Money received on allotment of warrants**

(₹ millions)

	March 31, 2014	March 31, 2013
Essel International Limited	930.00	310.00
Essel Media Ventures Limited	1,500.00	500.00

f. **Remuneration to key managerial personnel**

(₹ millions)

	March 31, 2014	March 31, 2013
V.D. Wadhwa (from April 29,2013)	7.41	-

37 Capital and other commitments

Estimated amount of contracts remaining to be executed and not provided for (net of advances) amounting to ₹ 333.14 million (Previous year ₹ 134.08 million).

ICNCL has entered into a memorandum of understanding (MOU) dated September 25, 2009 (subsequently amended vide Addendum MOU dated December 30, 2009) with another company M/s Jay Properties Private Limited for purchase of office space in Mumbai, at the terms and conditions set forth in the said MOU. ICNCL had given a sum of ₹ 300.00 million as an advance for the purchase / acquisition of the said office space and the amount is included in capital advance.

During the previous year, ICNCL has entered into a joint development agreement (JDA) with M/s Choate Developers Private Limited (CDPL) for construction of multistoried building on its leasehold land on the terms and condition as set out in the said agreement. The relevant financial implication shall be determined on completion of the construction and shall be accounted for on the said completion. However, during the year the JDA was superseded by a development agreement as per which the CDPL will perform as work contractor only against the consideration agreed without any right in the developed space of buildling.

38 Contingent liabilities

i) Claims against the Group not acknowledged as debts ₹ 52.00 million (Previous year ₹ 53.14 million)

ii) Demands raised by the statutory authories being contested by the Group ₹29.81 million (Previous year ₹ 37.90 million)

iii) In case of ICNCL, counter bank guarantees in respect of outstanding bank guarantees and fixed deposit pledged ₹ 0.73 million (Previous year ₹ 0.86 million).

39 The Commercial Tax authorities, Government of West Bengal, by an order dated June 9, 2003, sought to impose sales tax, with retrospective effect from April 2, 1997, on ICNCL's income from cable TV services. ICNCL has filed an application before the Hon'ble West Bengal Taxation Tribunal on July 15, 2003, seeking, inter alia, that the aforesaid order be set aside. The Hon'ble West Bengal Taxation Tribunal by its order dated August 1, 2003 has directed that pending disposal of the application, assessment proceedings may continue but that no demand notice will be issued. The matter had come for hearing on several occasions but has been adjourned, pending State's submissions. In view of the fact that neither assessment proceedings have been completed nor demand notice has been issued, the alleged liability for Sales tax cannot be ascertained. Consequently no liability on account of sales tax has been recognized by the Company in the books of accounts.

40 Pursuant to the approval of the shareholders and subsequent sanction of the High Court of the Judicature at Kolkata ('High Court') on May 8, 2014 to the Scheme of Amalgamation ('the Scheme') of Pearltree Tradelink Private Limited ('PTPL') with ICNCL. PTPL has been amalgamated with ICNCL with effect from the appointed date i.e March 31, 2014. Consequently the assets and liabilities of PTPL have been transferred to, and vested in ICNCL with effect from March 31, 2014. The certified copy of the order of the High Court in this regard is awaited for consequent filing with Registrar of Companies. Based on a legal opinion obtained by ICNCL, the Scheme has been given effect to by ICNCL in its accounts and consequently effect of the same has been given in the consolidated accounts. Pursuant to the implementation of the Scheme, equity shares of ICNCL will be issued in the ratio of thirty one shares of ICNCL to the equity shareholders of PTPL for every one share held by them in PTPL and equal number of 6% non cumulative redeemable preference shares of ICNCL will be issued to the preferential shareholders of PTPL. Pending allotment, the same have been shown in the share suspense account in these accounts. As per the Scheme,ICNCL has accounted for amalgamation in its books and all assets (including intangible assets) and liabilities of PTPL as at the appointed date have been recorded by ICNCL at fair value The difference between the face value of equity shares to be issued and the net assets acquired being ₹ 421.33 million has been accounted for as Goodwill.

41 Unhedged foreign currency exposure

Particulars of unhedged foreign currency exposure as at reporting date:

	March 31, 2014		March 31, 2013	
	USD millions	₹ millions	USD millions	₹ millions
Trade receivables for carriage income	0.06	3.38	0.16	8.68
Trade payables	1.63	97.00	0.56	30.43
Payable for fixed assets	8.56	510.61	9.64	523.55
Buyers' credit (Secured loan)	73.81	4,402.26	37.53	2,039.06
Advances for access equipment	-	-	0.01	0.54

* Closing rate as at March 31, 2014 (1 USD = ₹ 59.65 (March 31, 2013: 1 USD = ₹ 54.33))

42 Rights issue utilization

The Holding Company had during the year 2009-10 issued 236,222,285 equity shares of ₹ 1 each at a premium of ₹ 18 per share for cash to the existing equity shareholders of the Holding Company. Given below are the details of utilisation of proceeds raised through rights issue.

(₹ millions)

Particulars	March 31, 2014	March 31, 2013
Unutilised amount at the beginning of the year	75.87	645.87
Less: amount utilised during the year		
Working capital	-	120.00
General corporate purposes	-	450.00
Unutilised amount at the end of the year	**75.87**	**75.87**

43 Shares suspense

(₹ millions)

	March 31, 2014	March 31, 2013
Equity share suspense	313.10	-
31,310,000 equity shares of ₹ 10 each to be allotted to the equity shareholders of Pearltree Tradelink Private Limited pursuant to the scheme of amalgamation (refer note 40)		
Preference share suspense	1.53	-
15,270 6% Non-cumulative redeemable preference shares of ₹100 each to be allotted to the preference shareholders of Pearltree Tradelink Private Limited pursuant to the scheme of amalgamation (refer note 40)		
	314.63	-

44 The Group operates in single business segment of cable distribution in India only. Hence there are no separate reportable business or geographical segments as per Accounting Standard (AS-17) on Segment Reporting.

45 The Company has revised the useful life of set top boxes from five years to eight years during the financial year 2013-2014. This has resulted reduction in depreciation charges for the year by ₹ 281.94 (previous year Nil).

46 Equity Shares of ₹10 each fully paid shall be allotted at the premium of ₹ 100 each by SVDMPL.

47 Previous year figures have been presented for the purpose of comparison and have been regrouped/ reclassified wherever necessary.

This is the Summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

Per **Atul Seksaria**
Partner

Place : New Delhi
Date : May 28, 2014

For and on behalf of the Board of Directors of
SITI Cable Network Limited (formerly known as Wire and Wireless (India) Limited)

Subodh Kumar
Director

B K Syngal
Director

V D Wadhwa
Chief Executive Officer

Sanjay Goyal
Chief Financial Officer

Suresh Kumar
Company Secretary

Details pertaining to Subsidiary Companies as per the requirements of para (iv) of the Direction under Section 212(8) of the Companies Act, 1956, issued by the Ministry of Corporate Affairs vide General Circulars No. 2/2011 dated 08/02/2011 are as follows:-

(₹ in millions)

Particular	Indian Cable Net Company Limited	Central Bombay Cable Network Limited	Siticable Broadband South Limited	Wire and Wireless Tisai Satellite Limited	Master Channel Community Network Private Limited	Siti Vision Digital Media Private Limited	Siti Jind Digital Media Communications Private Limited
Summary Balance Sheet							
Share Capital	100.91	0.50	2.33	0.50	0.50	14.78	2.00
Reserve and Surplus	443.36	-17.33	-6.83	-69.30	36.28	-25.92	-1.45
Total Asset	5,090.55	879.79	0.28	40.08	216.89	691.67	14.55
Total Liabilities	4,546.28	896.62	4.79	108.88	180.11	702.81	14.00
Investment (excluding subsidiary)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Summary Profit and Loss Account							
Turnover	1,937.49	2.49	0.00	0.00	129.90	351.06	36.59
Profit/(Loss) before Tax	185.05	-23.63	-0.37	-2.03	28.66	82.64	2.28
Provision for Tax	32.52	-0.00	0.00	0.00	8.86	8.76	0.05
Profit/(Loss) after Tax	152.53	-23.63	-0.37	-2.03	19.80	73.89	2.23
Proposed Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00

(₹ in millions)

Particular	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 Guntur Digital Network Private Limited	Siti Faction Digital Private Limited	Siti Maurya Cable Net Private Limited
Summary Balance Sheet							
Share Capital	0.10	0.20	0.10	0.10	0.10	0.10	40.28
Reserve and Surplus	-32.34	-27.23	-1.02	0.75	5.73	-8.17	20.51
Total Asset	35.73	34.63	8.39	62.84	54.12	137.59	251.38
Total Liabilities	67.97	61.66	9.30	61.99	48.29	145.66	190.39
Investment (excluding subsidiary)	0.00	8.42	0.00	0.00	0.00	0.00	0.00
Summary Profit and Loss Account							
Turnover	29.18	32.01	4.89	27.48	97.33	55.84	191.38
Profit/(Loss) before Tax	10.23	1.45	-0.94	1.09	7.49	-6.35	26.90
Provision for Tax	0.00	0.04	0.14	0.34	2.34	2.24	8.81
Profit/(Loss) after Tax	10.23	1.41	-1.08	0.75	5.16	-8.59	18.09
Proposed Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00

SITI CABLE NETWORK LIMITED

Registered Office: Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

CIN: L64200MH2006PLC160733 **Website:** www.siticable.com

PROXY FORM

Name of Member (s) ______________________________

Registered Address ______________________________

Email id ______________________________

Folio No./ Client ID. ______________________________

DP ID. ______________________________

I/We being a member(s) holding ______________ Equity Shares of Siti Cable Network Limited, hereby appoint

1. Name ______________________ Email id ______________________

   Adress ______________________________

   ______________________ Signature ______________________ ,

   or failing him

2. Name ______________________ Email id ______________________

   Adress ______________________________

   ______________________ Signature ______________________ ,

   or failing him

3. Name ______________________ Email id ______________________

   Adress ______________________________

   ______________________ Signature ______________________ ,

as my/our proxy to attend and vote (on a poll) for me/us on my/our behalf at the Eighth Annual General Meeting of the Company, to be held on Tuesday, the 12th day of August, 2014 at 4:00 p.m.at "Ravindra Natya Mandir", Near Siddhivinayak Temple, Sayani Marg, Prabhadevi, Mumbai – 400 025 and at any adjournment(s) thereof in respect of 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 Resolution		
1.	Adoption of the Audited Financial Statements of the Company for the financial year ended March 31, 2014, together with Reports of the Auditors' and Directors' thereon.		
2.	Re-appointment of Mr.Subodh Kumar as Director of the Company.		
3.	Re-appointment of Auditors.		
Special resolution			
4.	Appointment of Mr.B.K.Syngal as Independent Director		
5.	Appointment of Mr.Vinod Kumar Bakshi as Independent Director		
6.	Appointment of Mr.Sureshkumar Agarwal as Independent Director		
7.	Appointment of Mr.Anil Kumar Malhotra as Manager		
8.	Pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 for borrowing money upto ₹1500 Crores.		

Signed this ______________ day of ______________, 2014

Signature of Shareholder ______________________

Signature of proxy holder (s)______________________

Affix

Revenue Stamp

Note: This form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Continental Building, 135, Dr Annie Besant Road, Worli, Mumbai 400 018, not less than 48 hours before the commencement of the Meeting.

SITI CABLE NETWORK LIMITED

Registered Office: Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

CIN: L64200MH2006PLC160733 **Website:** www.siticable.com

ATTENDANCE SLIP

8TH ANNUAL GENERAL MEETING

I hereby record my presence at the Eighth Annual General Meeting of the Company held at "Ravindra Natya Mandir", Near Siddhivinayak Temple, Sayani Marg, Prabhadevi, Mumbai – 400 025 on Tuesday, the 12th day of August, 2014 at 4:00 p.m.

______________________________ ______________________________

Name of the Shareholder/Proxy (IN BLOCK LETTERS) Signature of Shareholder/Proxy

Regd. Folio No. ______________________________

Client ID No.# ______________________________

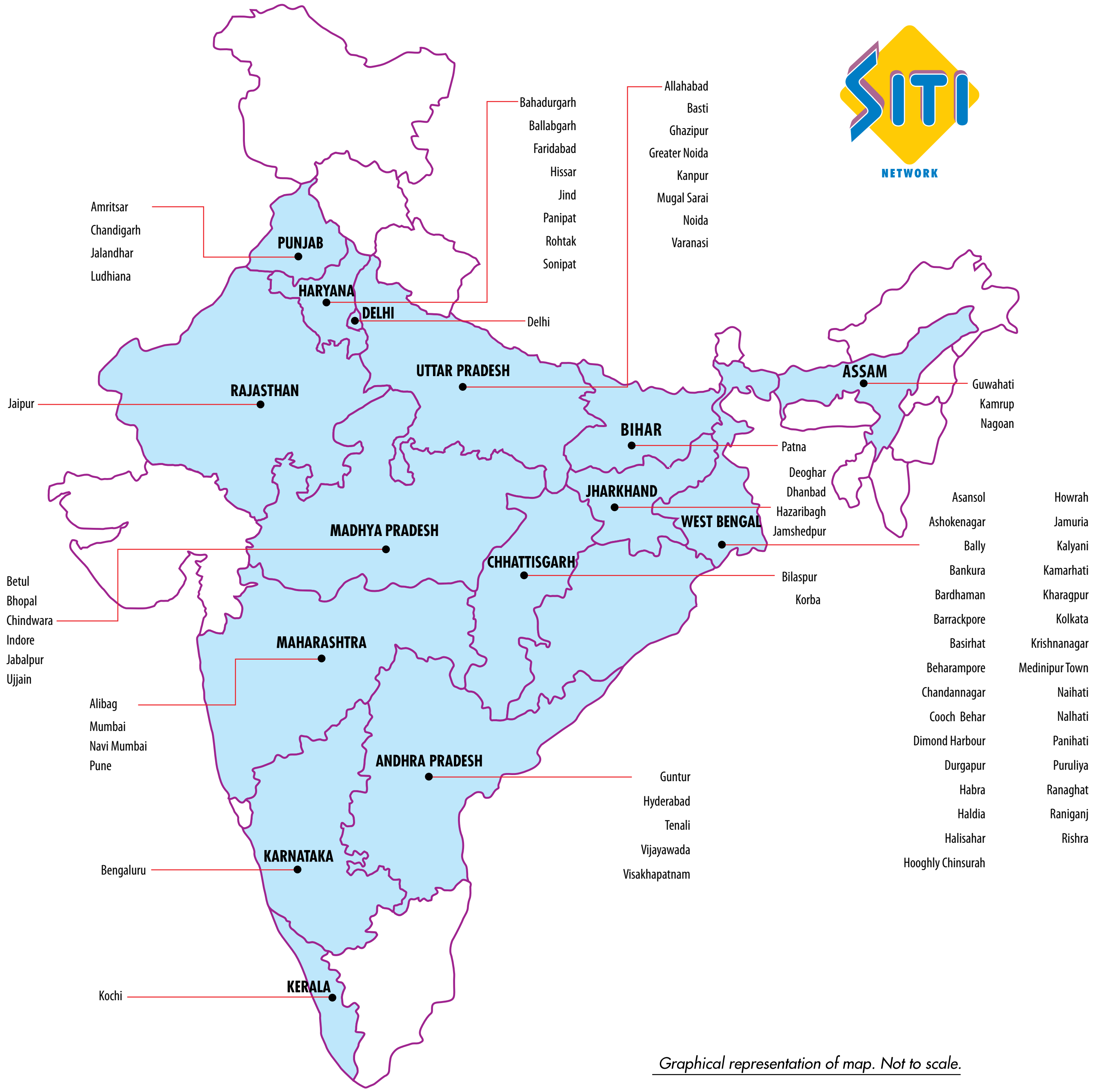
DP ID No. ______________________________

No. of Shares ______________________________

#(Applicable for shareholders holding shares in dematerialized form)

Pan India Network

- Presence in 80 cities and adjoining areas
- 56 Analogue & 14 Digital Headends
- Huge network of 12000 Kms of optical and coaxial fibers
- Use of STM4 technology that provides robust, redundant and scalable distribution network



Graphical representation of map. Not to scale.

NETWORK

SITI Cable Network Ltd.

Corporate Office: FC 09, Gate No. 3, Sector 16A, Film City, NOIDA (U.P.) - 201 301

www.siticable.com

CIN: L64200MH2006PLC160733