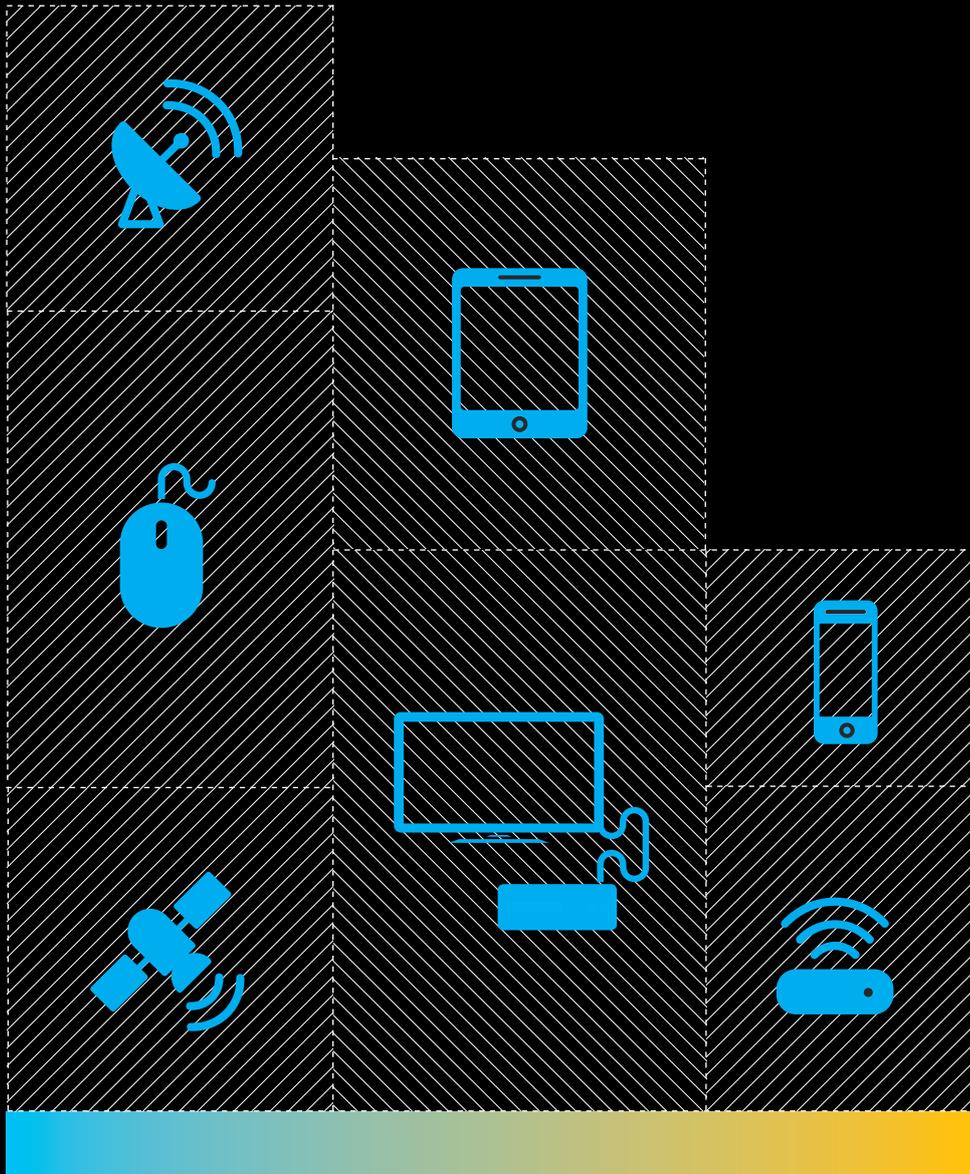


2016 -2017

ANNUAL REPORT  
SITI NETWORKS LIMITED



**WELL-POSITIONED**

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Attendance Slip  
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Route Map

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

SITI Networks has grown to be India's largest Multi-System Operator (MSO) and a leading wired broadband service provider.

With presence in 580+ locations across India, we are omnipresent, making the most of emerging opportunities. As the drive for digitisation is becoming all-pervasive, touching even the Tier-IV cities of the country, we are well positioned to grow and create more value for our stakeholders. Growing rural electrification and the advancement of the Smart Cities Mission also enhances our business optimism.

In line with a digitally-powered India, we are also leading the change on the Internet front, providing state-of-the-art wired broadband connectivity across large and small cities of the country.

We have also fostered partnerships and are collaborating with esteemed industry players in the media and entertainment industry. Our strategies are rightly aligned to the future growth trajectory that the media distribution industry is taking.

**WE ARE  
OPTIMISTIC  
ABOUT THE  
FUTURE AND  
ARE WELL  
POSITIONED TO  
CAPITALISE ON  
OPPORTUNITIES.**

**580** Locations  
Presence

₹ **970** Mn  
Broadband Income

₹ **5690** Mn  
Cable Subscription Income

**3001** Mn  
Carriage Revenue

**2.1** Mn  
Video Customers Added

# MESSAGE FROM CHIEF PATRON



We utilised advanced technologies like the Internet of Things (IoT) to strengthen our customer-connect, while offering integrated services. Additionally, we infused funds worth ₹1500 million in the Company in 2017. This investment is expected to help us tap more opportunities in the sector.

### Dear Shareholders,

I am delighted to report that your Company recorded yet another year of growth on all fronts. And in the dynamic industry ecosystem, we maintained our leadership position owing to our persistent efforts. Our growth trajectory is expected to strengthen as the regulatory environment becomes more conducive for organised players like us.

Despite global challenges, India's GDP growth rate remained at 7.1% in FY 2016-17; and it continued to be one of the fastest growing major economies of the world. The year saw wide-ranging reforms undertaken by the Government. Its

policy initiatives helped reinforce the formalisation and transparency in the economy. In this context, the Goods and Services Tax (GST) and demonetisation deserve a special mention.

While the GST focused on significantly reforming India's indirect tax framework, demonetisation was aimed at eradicating unaccounted money in the economy. Despite temporary hardships, these reforms are expected to bolster the economy, going forward. The benefits of GST, fixed at 18% for cable services and other cable infrastructure, will be passed on to customers. These GST benefits are likely to drive demand further by making television more affordable to the masses, as both entertainment and service tax gets subsumed into GST.

Moreover, the Union Budget 2017 made infrastructure a prominent focus area - earmarking nearly ₹4 trillion for infrastructure development and upgradation. Rapid infrastructure creation augurs well for the economy and the Media and Entertainment (M&E) in particular, which grew at 9.1% in FY 2016-17.

Events such as rising rural electrification, the advancement of the Smart Cities Mission, the advocacy for digitisation and so on have major infrastructural and developmental impact. Thus, the organised players in the M&E industry are expected to grow further.

These developments will augment the business optimism of operators like us. Along similar lines, the Digital India programme is also progressing; and there is a rising demand for internet in the country.

At the same time, the recent reduction of interest rates by the Reserve Bank will boost the overall spending in the economy. As the propensity for discretionary spending rises, the media and entertainment industry stands to benefit. The implementation of the Seventh Pay Commission recommendations has also fuelled the economy's spending power.

With particular reference to our industry, the latest Tariff and Interconnect Order 2017 by TRAI will result in a more customer-friendly and transparent operating environment. It would streamline the value chain and boost revenues for players like SITI. This is in addition to the BARC rating system introduced last year, which oversees content.

As cable TV digitisation reaches near-completion, Multi System Operators (MSOs) like us are

expected to reap the benefits, going forward. While infrastructure for digitisation has been laid out in most areas, various litigations created a temporary delay, forcing the government to extend the cable TV digitisation deadlines.

Consequently, MSOs incurred costs during the year, as the regulatory push for transitioning into digital cable was dampened. However, at SITI, we witnessed increased monetisation from the seeded households, where over 11.5 million digital subscribers consume cable services, using SITI's content packages.

India's digital transformation has opened several avenues for internet-based consumption, especially in the M&E industry. By offering high-speed, stable data at competitive rates, broadband service providers like us can leverage this growing trend. At the end of June 2017, our broadband subscriber base stood at 240,000.

We utilise advanced technologies like the Internet of Things (IoT) to strengthen our customer-connect, while offering integrated services. Additionally, we infused funds worth ₹1500 million in the Company in 2017. This investment is expected to help us tap more opportunities in the sector.

During the year under review, we enhanced our presence across different tiers. We are now present

across more than 580 locations. With our widening subscriber base and growing technology adoption, we are suitably poised to scale new heights by catering to the changing customer requirements.

Going forward, we will continue to follow prudent strategies, deploy the right resources and technologies in an increasingly favourable regulatory ecosystem. We expect, this approach, combined with our growing market presence and focus on delighting customers, to help us strengthen our business further.

Before I conclude, I would like to congratulate every member of the SITI Networks family; and express my gratitude to all other stakeholders for supporting our vision and ambition to grow in an exciting landscape of opportunities.

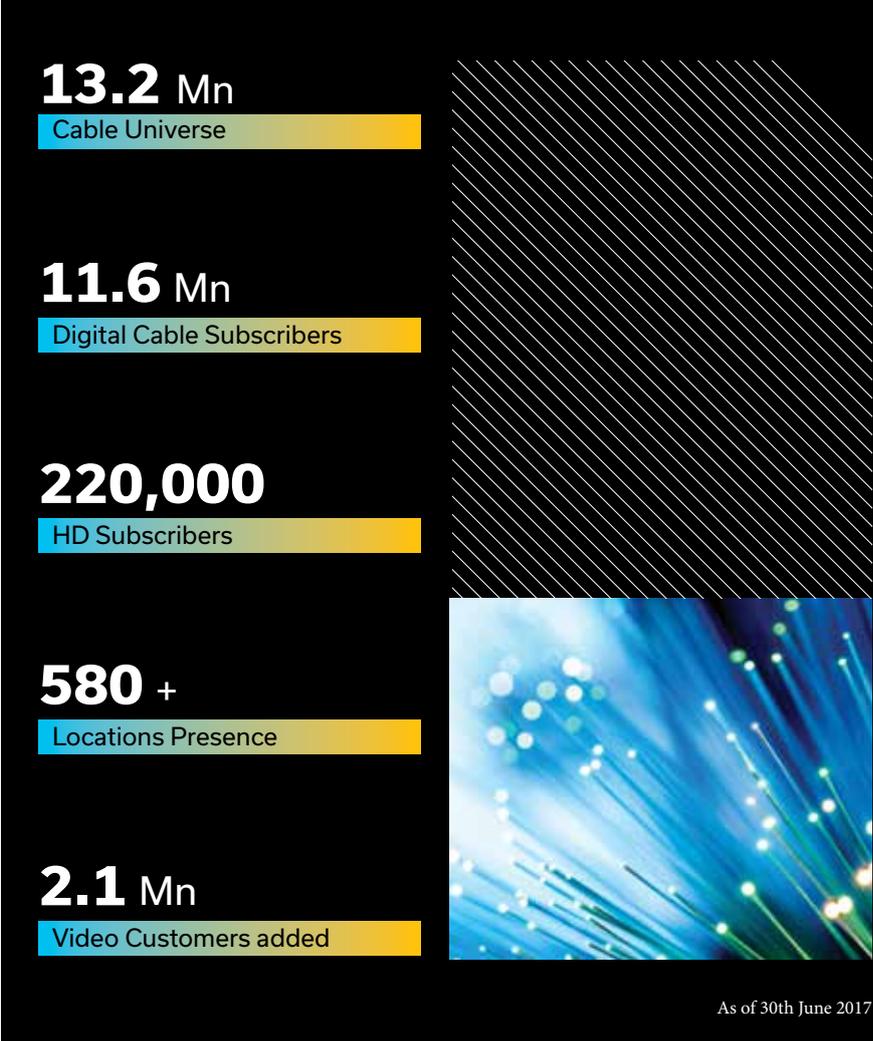
Best Wishes,  
**Dr. Subhash Chandra**

# ENTERTAINING AN ASPIRING NATION

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

Being one of the most prominent Multi System Operators (MSO), SITI Networks Limited is reaching millions of people across India. With 15 digital headends and a network of more than 32,500 kilometres of optical fibre and coaxial cable, it provides its cable services in India’s 580 locations reaching out to over 13.2 million viewer fraternity.

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



As of 30th June 2017



## Vision

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



## Values

**S**ensitive

**I am empathetic**  
Open work culture, team empowerment and partner engagement.

**I**nclusive

**I am for everyone and I add value to their lives**  
First MSO to provide subscriber Management System – Own Your Customer (OYC) module to business partners  
Transparent policies

**T**rustworthy

**I can be trusted with dependable services**  
Transparent policies  
Longest serving MSO  
Loyal Associates

**I**nnovative

**I use latest technological advancements**  
First MSO to provide MPEG-4 set-top boxes

# EVENTFUL JOURNEY

## 1992

Cable business started by Promoters

## 2006

Wire and Wireless (India) Ltd. Incorporated

## 2007

Implemented CAS in metros of Delhi, Mumbai and Kolkata; listed on the stock exchanges

## 2008

Initiated mass digitisation through HITS Services

## 2009

Right Issue of ₹ 4500 mn fully subscribed

## 2010

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

## 2011

Expanded further across 54 key cities

## 2012

- ☐ DAS implemented in Phase -1 Cities; Delhi, Mumbai & Kolkata; Offered 400 Standard Definition Channels; consolidated pan-India presence through expansions in UP and Central India
- ☐ Broadband started in Eastern region on EOC Technology

## 2013

- ☐ DAS implemented in Phase -2 Cities; achieved 3 million digital subscriber base
- ☐ Operationalised 'Own Your Customer' Customer Management System
- ☐ Fund infusion of ₹ 3240 mn by Promoters

## 2014

- ☐ Achieved 4 million digital subscriber base; package-wise billing started in DAS Phase 1 cities
- ☐ Broadband launched in Delhi on DOCSIS 2/ 3 Technology
- ☐ Started providing 18 HD Channels

## 2015

- ☐ Raised ₹ 2210 mn from the Secondary Market via QIP Route in February 2015
- ☐ Digital cable subscribers at 5.4 mn with a cable universe of 10.5 mn; broadband subscribers at 70,100

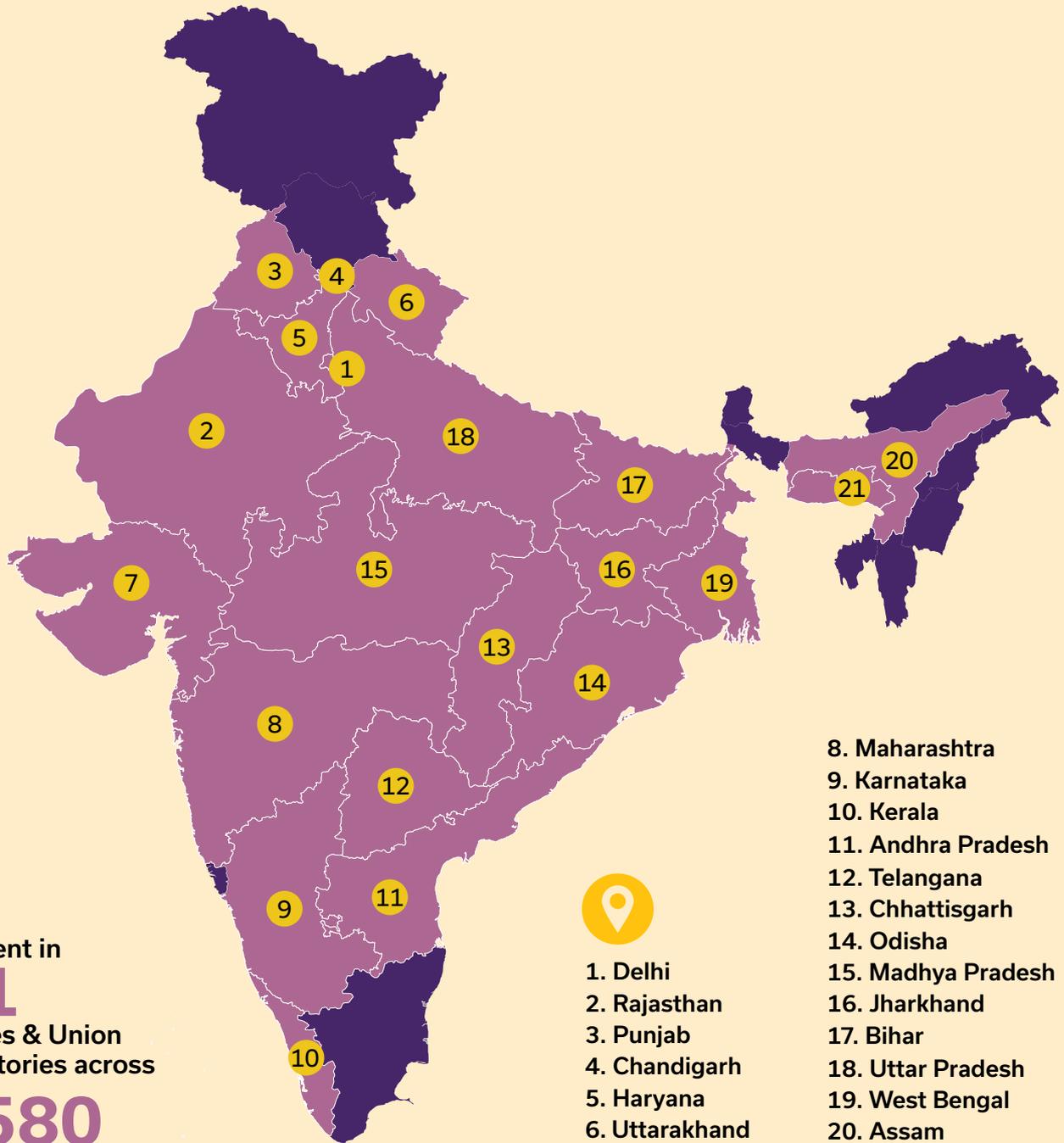
## 2016

- ☐ Achieved financial turnaround for the first time in its history; reported PAT of ₹ 9 crores and PBT of ₹ 22 crores in FY16
- ☐ Fund infusion of ₹ 5300 mn by Promoters through OFCDs and convertible warrants
- ☐ Acquired majority stakes/ entered into strategic partnerships with regional MSOs in Assam, Maharashtra, Gujarat and Odisha

## 2017

- ☐ Chosen to be a constituent of the Morgan Stanley Capital International (MSCI) India Domestic & Global Small Cap Index
- ☐ Started providing OTT services in partnership with Ditto TV; customer base at 60,000 subscribers
- ☐ Created a portfolio of 130+ local channels across India
- ☐ Extended broadband presence in 3 cities of Haryana namely Hissar, Karnal and Rohtak
- ☐ Prepaid on-going in select states with 1.2 mn subscribers on prepaid across 134 locations
- ☐ Fund infusion of ₹ 1500 mn by Promoters

# PAN-INDIA OUTREACH



Present in  
**21**  
states & Union  
Territories across  
**~580**  
locations



- 1. Delhi
- 2. Rajasthan
- 3. Punjab
- 4. Chandigarh
- 5. Haryana
- 6. Uttarakhand
- 7. Gujarat
- 8. Maharashtra
- 9. Karnataka
- 10. Kerala
- 11. Andhra Pradesh
- 12. Telangana
- 13. Chhattisgarh
- 14. Odisha
- 15. Madhya Pradesh
- 16. Jharkhand
- 17. Bihar
- 18. Uttar Pradesh
- 19. West Bengal
- 20. Assam
- 21. Meghalaya

# ED'S MESSAGE



Sidharth Balakrishna



In FY 2016-17, our revenue registered 18% growth to touch ₹1,204 crores. Of this, subscription revenue contributed ₹569 crores, carriage revenue ₹300 crores, and broadband revenue ₹97 crores. The three core streams grew on a y-o-y basis, at 39%, 17%, and 100%, respectively.

### Dear Shareholders,

I am excited to share with you the performance of your Company against the backdrop of external and internal developments. While externally, policy interventions are creating a level-playing field for formal players like us, internally our customer-centric approach continues to delight customers by catering to their changing aspirations. The result is strong revenue growth across segments.

During FY 2016-17, we grew both geographically and operationally. The year saw us extend our reach to 230 more locations, taking the total count to 580. Moreover, our competitive

advantages such as country-wide access, avant-garde technology, integrated systems and processes, strategic alliances, and efficient execution have helped us continue operations profitably.

The ongoing cable TV digitisation drive has enhanced the prospects for monetisation in our cable business. During FY 2016-17, we added 2.1 million subscribers in the digital cable segment, which helped us cross an important milestone – 10 million total customers in our video business. As of 30th June 2017, the total number of digital video customers stand at 11.6 mn. Moreover, this large number reflects huge cross-selling opportunities for your Company that delivers integrated services as part of our product suite.

With the advent of new technology and proliferation of low-cost data services, India's average data consumption has considerably surged. Today, the country has an 'always-online' young population and an array of digital services that fuels demand for the internet. Moreover, the whole range of e-commerce services is expected to reach a market size of USD 100 billion by 2020; thus, pushing the demand for data further.

Besides, the government's emphasis on digitisation of the economy is encouraging this trend. Keeping in line with increased data consumption, at SITI, we have grown our broadband subscriber base to 240,000 as of 30th June 2017. This escalation in the number of broadband customers is