

# REPORT ON CORPORATE GOVERNANCE

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

## POLICIES

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

### WHISTLE BLOWER & VIGIL MECHANISM POLICY

As per Section 177 of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, Whistle Blower/ Vigil Mechanism Policy has been approved and implemented within the organization. The policy

enables the Employees and Directors to raise and report concerns about unethical behaviour, actual or suspected fraud of any Director and/or Employee of the Company or any violation of the Code of Conduct. This Policy is available on the Company's website [www.sitinetworks.com](http://www.sitinetworks.com). Further during the year under review, no case was reported under the Whistle Blower/ Vigil Mechanism. No person was denied access to the Audit Committee.

## CODE OF CONDUCT

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

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

### DECLARATION

I confirm that the Company has obtained from all Directors and Senior Management Personnel of the Company their affirmation of compliance with the Code of Conduct for Members of the Board and Senior Management of the Company for the financial year ended March 31, 2017.

**V.D WADHWA**

\*Executive Director & CEO  
Noida, May 10, 2017

*\*Resigned w.e.f. June 5, 2017*

## RELATED PARTY TRANSACTION POLICY

In compliance with the requirements of Regulation 23 of Listing Regulations and Companies Act, 2013, the Board

of Directors of the Company has approved a Related Party Transaction Policy, to facilitate management to report and seek approval for any Related Party Transaction proposed to be entered into by the Company. The said Related Party Transaction Policy is also available on the Company's website [www.sitinetworks.com](http://www.sitinetworks.com).

### **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

In compliance with the requirements of Regulation 16 of the Listing Regulations, the Board of Directors of the Company has approved a Policy for determining Material Subsidiaries. The said policy determine material subsidiaries of the Company and provide a governance framework for them. The said Policy is also available on the Company's website [www.sitinetworks.com](http://www.sitinetworks.com).

### **POLICIES & CODE AS PER SEBI INSIDER TRADING REGULATIONS**

In accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated and approved (i) an Insider Trading Code to regulate dealing in the securities of the Company by designated persons in compliance with the regulations; and (ii) a Policy for Fair Disclosure of Unpublished Price Sensitive Information. The said code regulates and monitors trading by Insiders and reporting thereof. The said Code lays down guidelines which provide for the procedure to be followed and disclosures whilst dealing with shares of the Company.

Mr. Suresh Kumar, Company Secretary of the Company is Compliance Officer for the purposes of Insider Trading Code, while the Chief Financial Officer / Head - Finance & Accounts of the Company shall serve as the 'Chief Investor Relations Officer' for the purposes of this Policy to deal with dissemination of information and disclosure of Unpublished Price Sensitive Information. The said code and policy is also available on the Company's website [www.sitinetworks.com](http://www.sitinetworks.com).

### **FAMILIARISATION PROGRAM FOR INDEPENDENT DIRECTORS**

Independent Directors are familiarised with their roles, rights and responsibilities in the Company as well as with the nature of industry and business model of the

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

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

### **BOARD OF DIRECTORS COMPOSITION AND CATEGORY OF DIRECTORS**

Siti Networks Limited ('SITINET') has a balanced Board with combination of Executive and Non-Executive Directors to ensure independent functioning and the current composition of the Board is in conformity with Regulation 17(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Independent Directors of the Company provide appropriate annual certifications to the Board confirming satisfaction of the conditions of their being independent as laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations.

Composition of the Board as at the close of March 31, 2017:-

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

## REPORT ON CORPORATE GOVERNANCE

### Number of Board Meetings

During the financial year under review, 6 (six) meetings of the Board were held on May 25, 2016, August 26, 2016, September 6, 2016, November 22, 2016, February 14, 2017, and March 30, 2017. Your Board meets at least once a quarter to review the quarterly performance and financial results of the Company and the intervening period between any two Board Meetings were well within the maximum time gap of one hundred and twenty days under Regulation 17 of the SEBI Listing Regulation and Secretarial Standards. The annual calendar of meetings is broadly determined at the beginning of each financial year.

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

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

regarding Committee positions in other public companies as on March 31, 2017 have been made by the Directors.

Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of Independent Directors is three years from the date of their appointment, which is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI (LODR) Regulations read with Section 149(6) of the Act.

Particulars of Directors, their attendance at the Annual General Meeting and Board Meetings detailed above held during the Financial Year 2016-17 and also their other Directorships/ Chairmanship held in Indian Public Companies and Membership/Chairmanship of various Board Committees of other Indian Public Companies as at March 31, 2017 are as under:

Name of the Director	Attendance at		No. of Directorship of other Public Companies *	No. of Membership/ Chairmanship of Board Committees**	
	Board Meeting (Total Board Meeting held 6)	10 <sup>th</sup> AGM held on 27.09.2016		Membership	Chairmanship
<b>Non – Executive Independent Director</b>					
Mr. B.K.Syngal	6	Yes	2	2	2
Mr. Vinod Kumar Bakshi	6	No	1	3	Nil
Mr. Sureshkumar Agarwal	2	Yes	1	2	Nil
Ms. Kavita Anand Kapahi	3	Yes	5	3	Nil
<b>Non – Executive Director</b>					
Mr. Sandeep Khurana	6	Yes	Nil	Nil	Nil
<b>Executive Director</b>					
***Mr. V.D. Wadhwa	6	Yes	1	3	Nil

\*Directorship in Other Companies does not include Alternate Directorships.

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

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

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

Company, except Ms. Kavita Kapahi, Independent Director who holds 50 Equity Shares (in joint holding) of ₹ 1/- each in the Company.

None of the Non-Executive Directors of the Company holds any shares and convertible instruments of the

### Separate Meeting of the Independent Directors

The Independent Directors of the Company met separately on May 13, 2017 without the presence of Non-Independent Directors and the members of management. The meeting was attended by all the Independent Directors. The meeting was conducted informally to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors of the Company. In accordance with the Listing Regulation, following matters were, *inter-alia*, discussed in the meeting:

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

### BOARD PROCEDURE

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

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

**Sandeep Khurana** is a Non-Executive Director of the Company. Sandeep Khurana is qualified in Law and is a fellow member of the Institute of Company Secretaries of India apart from being an associate member of the Institute of Cost Accountants of India. Mr. Khurana has a post qualification Experience of over 31 years having worked with renowned Corporates in India initially as an employee and in the latter part as owner professional in the fields of raising long term and short term resources from Banks and Financial Institutions apart from as private equity and from the public investors as a Merchant Banker. During his long career Mr. Khurana has not only had exposure to several organisational functions but also to several sectors such as automotive components, electronics, engineering, floriculture, transportation and logistics, finance and financial services, realty development, milk processing, hotels and hospitality, food processing, EPC, renewable energy, perfumery and toiletries, coal, coal washery and related transportation logistics, weaning foods, adhesives, garments manufacturing etc.

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

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

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

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

## REPORT ON CORPORATE GOVERNANCE

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

Apart from the Company, Mr. Balakrishna does not hold directorship in any other Company.

Mr. Balakrishna does not hold any securities in the Company.

### BOARD COMMITTEES

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

### AUDIT COMMITTEES








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

The Audit Committee also reviews adequacy of disclosures and compliance with all relevant laws. In addition to the foregoing, in compliance with requirements of Regulation 24 of the SEBI Listing Regulation, the Audit Committee reviews operations of subsidiary companies viz., its

financial statement, significant related party transactions, statement of investments, etc.

### Terms of reference

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

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

### Composition and Meetings of the Audit Committee

During the financial year ended on March 31, 2017, the Audit Committee of the Company comprised of Mr. B.K. Syngal, Independent Director as the Chairman and Mr. Vinod Kumar Bakshi Independent Director, Mr. Sureshkumar Agarwal, Independent Director and Mr. V. D. Wadhwa, Executive Director and CEO as the members of the Audit Committee. More than two-third of the members of the Committee are Independent Directors

including Chairman. All the members have accounting and financial management knowledge. Mr. B. K. Syngal, the Chairman of the Audit Committee has accounting and financial management expertise.

The Company Secretary of the Company acts as the secretary to the Committee.

During the year under review, the Audit Committee met six (6) on May 5, 2016, May 25, 2016, September 6, 2016, November 22, 2016, December 19, 2016 and February 14, 2017 and the necessary quorum was present at the

The details of attendance of Audit Committee meetings during the financial year ended March 31, 2017 are as under:

Name of the Director	Category	No. of meeting attended
Mr. B.K. Syngal (Independent Director)	Chairman	6
Mr. Vinod Kumar Bakshi (Independent Director)	Member	6
Mr. Sureshkumar Agarwal (Independent Director)	Member	2
Mr. V.D. Wadhwa* (Executive Director)	Member	6

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

**NOMINATION & REMUNERATION COMMITTEE**

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

**Terms of reference**

1. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
2. Formulate the criteria for determining qualification, positive attributes and independence of a Director and recommend to the Board a policy, relating to

meetings. Mr. B.K. Syngal, Chairman of Audit Committee had attended the Annual General Meeting held on September 27, 2016 and answered the queries raised by the shareholders.

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

the remuneration for the Directors, Key Managerial Personnel and other employees.

3. Ensure the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
4. Ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
5. Formulate policy with regard to remuneration to Directors, Key Managerial Personnel and Senior Management involving a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.



## REPORT ON CORPORATE GOVERNANCE

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

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

The details of attendance of Nomination and Remuneration Committee meetings during the financial year ended March 31, 2017 are as under:-

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

### Performance Evaluation Criteria for Independent Directors

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

### Remuneration Policy

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

### Remuneration of Executive Directors

During the financial year ended on March 31, 2017, your Board comprised of one Executive Director viz.

During the year under review, the Nomination and Remuneration Committee met four (4) times on August 26, 2016, September 6, 2016, December 19, 2016 and March 30, 2017 and the necessary quorum was present at the meetings.

Mr. V.D. Wadhwa. He was appointed by the shareholders of the Company by passing the resolution through postal ballot on October 14, 2014 for a period of three (3) years commencing from August 12, 2014. Mr. V.D.Wadhwa had resigned from the office of Executive Director and CEO of the Company with effect from June 5, 2017.

The detail of remuneration paid to the Mr. V. D. Wadhwa, Executive Director & CEO of the Company during the year ended March 31, 2017 is as under:

Particulars	₹ (in million)
Salary*	21.94
Benefits Perquisites and Allowances*	0.00
Provident Fund Contribution	1.30
<b>Total Amount</b>	<b>23.24</b>
Employee Stock Options Granted	1,500,000

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

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

### Remuneration of Non-Executive Directors

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

The details of the sitting fees paid to the Non-Executive Independent Directors for the period April 1, 2016 to March 31, 2017 are as under:

(₹ in million)	
Name of the Director	Amount paid as Sitting Fees
Mr. B.K. Syngal	0.38
Mr. Vinod Kumar Bakshi	0.54
Mr. Sureshkumar Agarwal	0.08
Ms. Kavita Kapahi	0.06

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

### STAKEHOLDER RELATIONSHIP COMMITTEE

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

The Broad terms of reference of the Stakeholder Relationship to supervise and ensure the satisfactory redressal of investors' complaints and recommends

measures for overall improvement in the quality of investor services. The Committee has delegated the power of approving requests for transfer, transmission, re-materialisation, de-materialisation, etc. of shares of the Company to the Company Secretary of the Company.

During the financial year ended on March 31, 2017, the Stakeholders' Relationship Committee of the Company comprised of Mr. B. K. Syngal Independent Director, Mr. Vinod Kumar Bakshi, Independent Director and Mr. V. D. Wadhwa, Executive Director and CEO as the members of the Committee. Mr. Suresh Kumar, Company Secretary of the Company is Compliance Officer of the Company, who oversees the redressal of the investors' grievances.

During the year under review, the Stakeholders' Relationship Committee met once i.e. May 25, 2016 and the necessary quorum was present at the meeting.

The details of attendance of Stakeholders' Relationship Committee meetings during the financial year ended March 31, 2017 are as under:-

Name of the Director	Category	No. of meeting attended
Mr. B.K. Syngal (Independent Director)	Member	1
Mr. Vinod Kumar Bakshi (Independent Director)	Member	1
Mr. V.D.Wadhwa* (Executive Director and CEO)	Member	1

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

Mr. B.K.Syngal, who chaired the Annual General Meeting held on September 27, 2016 and answered the queries raised by the shareholders.



## REPORT ON CORPORATE GOVERNANCE

Details of number of requests/complaints received and resolved during the year ended March 31, 2017 are as under:

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

### OTHER BOARD COMMITTEES

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

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

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In compliance with the requirements of Section 135 read with Schedule VII of the Companies Act 2013, the Board has constituted Corporate Social Responsibility Committee.

During the financial year ended on March 31, 2017, the Corporate Social Responsibility Committee comprised of Mr. Vinod Kumar Bakshi, Mr. Sureshkumar Agarwal and Mr. V.D. Wadhwa as the Members.

The broad terms of reference includes:-

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

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

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

### CORPORATE MANAGEMENT COMMITTEE

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

### GENERAL MEETINGS

The 11<sup>th</sup> Annual General Meeting of the Company for the Financial Year 2016-17 will be held on Tuesday, September 26, 2017 at 3:00 p.m. at The Orchid, 70-C, Nehru Road. Near Mumbai Domestic Airport, Vile Parle (E), Mumbai - 400099

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
2015-16	Tuesday, September 27, 2016 3:30 p.m	'Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400018	a. Re-appointment of Mr. B. K. Syngal as an Independent Director for second term. b. Re-appointment of Mr. Vinod Kumar Bakshi as an Independent Director for second term. c. Re-appointment of Mr. Sureshkumar Agarwal as an Independent Director for second term. d. Alter and adopt new set of Articles of Association to align it with the Companies Act, 2013. e. Maintenance of register of members, other Security(ies) holders, etc. at C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup West, Mumbai 400078 (Bhandup office) instead of at Registered office of the Company. f. Raising of funds by issue of Equity Shares or securities convertible into Equity Shares, in one or more tranches, so that the total amount raised through such issue(s) of Securities shall not exceed Rupee equivalent of USD 100 Million.
2014-15	Thursday, August 27, 2015 3:30 p.m	'Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400018	a. Increasing the FII/FPI holding limit to 49% of the paid-up equity share capital of the Company. b. Raising of capital by issue of Equity Shares or convertible securities up to an amount not exceed Rupee equivalent of USD 100 Million. c. Implementation of 'SITIESOP 2015'. d. Extending the benefits of SITI ESOP 2015 to the employees and Directors of the subsidiaries / holding company of the Company.
2013-14	Tuesday, August 12, 2014 4:00 p.m	"Ravindra Natya Mandir", Near Siddhivinayak Temple, Sayani Marg, Prabhadevi, Mumbai - 400 025.	a. Appointment of Mr. Anil Malhotra as the Manger of the Company. b. Pursuant to the provision of Section 180(1)(c) of the Companies Act, 2013 for borrow money upto ₹ 1500 crores.

All the above resolutions were passed with overwhelming majority.




### POSTAL BALLOT

During the year under review, your Company sought the approval of the Shareholders through the Postal Ballot Mechanism for the below mentioned resolution

proposed by the Company vide Postal Ballot process. The Resolutions passed through Postal Ballot process and the voting pattern (Postal Ballot & e-voting) of such resolution is mentioned hereunder:

Particulars of Resolution	Date of Result : July 29, 2016		
	Voter count (No. of Shares) For	Voter Count (No. of Shares) Against	Approved/ Disapproved
Change of name of the Company from "Siti Cable Network Limited" to "Siti Networks Limited" and consequential alteration in the Memorandum of Association and Articles of Association of the Company	631,086,586 (99.9996%)	2,602 (0.0004%)	Approved

## REPORT ON CORPORATE GOVERNANCE

-  Amit Agarwal & Associates, Practicing Company Secretary was appointed as the Scrutiniser for conducting the Postal Ballot process in a fair and transparent manner.
-  The Company has engaged NSDL for using the electronic platform for evoting for the resolution under the Postal Ballot and the voting received using the electronic platform were entered in a register separately maintained for the purpose.
-  The voting period under the postal ballot was commence Tuesday, the 28th day of June, 2016 at 9.00 a.m. and concluded on Wednesday, the 27th day of July, 2016 at 5.00 p.m.

### DISCLOSURES

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

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

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

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

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

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

- i. Shareholder Rights:** The quarterly and half yearly financial performance of the Company

are communicated to the shareholders by way of an advertisement in the newspapers, as per requirements of the Listing Regulations, and are also posted on the Company's website, the same are not being sent to the shareholders individually.

- ii. Audit Qualifications:** The Company's financial statement for the financial year 2016-17 does not contain any audit qualification.
- iii. Reporting of Internal Auditor:** The Internal Auditor reports directly to the Audit Committee on quarterly basis.

### MEANS OF COMMUNICATION

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

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

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

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

# CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined the compliance of conditions of Corporate Governance by Siti Networks Limited (formerly known as Siti Cable Network Limited) (hereinafter referred to as 'the Company'), for the year ended March 31, 2017, as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paras C, D and E of Schedule V of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

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

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

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

**For Amit Aggarwal and Associates**

Company Secretaries CS

Place: Delhi

M No. : 5311

Date: May 26, 2017

C P No. : 3647

## REPORT ON CORPORATE GOVERNANCE

### GENERAL SHAREHOLDERS INFORMATION

<b>1. Annual General Meeting</b>	
📅 <b>Day &amp; Date</b>	: Tuesday, September 26, 2017
🕒 <b>Time</b>	: 3:00 p.m.
📍 <b>Venue</b>	: The Orchid, 70-C, Nehru Road, Near Mumbai Domestic Airport, Vile Parle (E), Mumbai, Maharashtra 400099
<b>2. Financial year</b>	: April 1, 2016 to March 31, 2017
<b>3. Book Closure Date</b>	: Friday, September 22, 2017 to Monday, September 25, 2017 (both days inclusive)
<b>4. Dividend Payment Date</b>	: The Board has not recommended any dividend for the Financial Year 2016-17.
<b>5. Registered Office</b>	4th Floor, Madhu Industrial Estate, Pandurang Budhkar Marg, Worli, Mumbai 400013. Phone No.:+91- (022) 43605555 Email :- <a href="mailto:csandlegal@siti.esselgroup.com">csandlegal@siti.esselgroup.com</a>
<b>6. Corporate Office</b>	4th Floor, FC- 19 & 20, Sector-16A, Film City, Noida - 201301. Ph No.: +91-(0120) 4526707 Email :- <a href="mailto:csandlegal@siti.esselgroup.com">csandlegal@siti.esselgroup.com</a>
<b>7. Listing on Stock Exchange</b>	: BSE Limited (BSE) The National Stock Exchange of India Limited (NSE) The Company has paid Annual Listing Fees to the Stock Exchanges for Financial Year 2017-18.
<b>8. Stock Code</b>	: BSE - 532795 NSE - SITINET-EQ
<b>9. Corporate Identification Number (CIN)</b>	: L64200MH2006PLC160733
<b>10. ISIN No.</b>	: INE965H01011 (Equity Shares of ₹ 1 each, fully paid up)
<b>11. Registrar &amp; Share Transfer Agent</b>	: Link Intime India Pvt Ltd (w.e.f. June 16, 2016) C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai - 400083., India Tel: +91 22 49186000 Fax: +91 22 49186060 Email:- <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>

### 12. Change of Address

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

The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding equity shares in physical

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

### 13. Share Transfer System

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

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

A half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI (LODR) Regulations, 2015 is obtained from the Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchanges simultaneously.

### 14. Dematerialisation of Shares & Liquidity

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

As on March 31, 2017, 99.95% of the Equity Shares of the Company are in the dematerialized form. Entire Shareholding of the Promoter's in the Company is held in dematerialized form. The Equity Shares of the Company are frequently traded at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

### 15. Outstanding Warrants or any Convertible Instruments, Conversion Date and Likely Impact on Equity

During the year under review, the Company, in accordance with Chapter VII of the SEBI (ICDR)

Regulations, 2009, has converted 57,142,857 number of Warrants and 20,628,571 number of Optionally Fully Convertible Debentures (OFCDs) into equal number of Equity Shares of ₹ 1 each, issued on the Preferential basis to the Promoters/Promoter Entities in the Financial Year 2015-16. After conversion of all these Warrants and OFCDs, the Promoter's shareholding has increased from "70.99%" to "73.57%". As on March 31, 2017, there are no Outstanding Securities issued by the Company and convertible into Equity Shares of the Company.

The Company has not issued any GDRs/ADRs in the past and hence as March 31, 2017, the Company does not have any outstanding GDRs/ADRs.

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

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

### 17. Shareholders' Correspondence

The Company has attended to all the investors' grievances/ queries/ Information requests except for cases where the Company is restrained due to some pending legal proceedings or court/statutory orders. It is the endeavor of the Company to reply all letters / communications received from the shareholders within a period of 5 working days.

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

### 18. Market Price Data

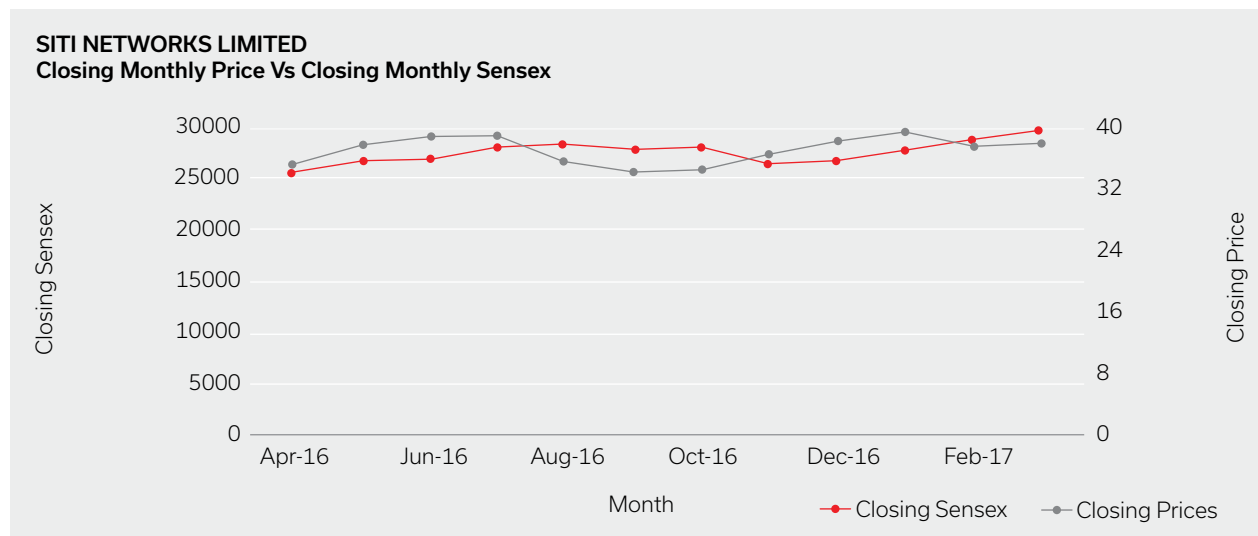
Monthly high and Low quotation and volume of Equity Shares traded on BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) for the Financial year 2016-17 are given as under:



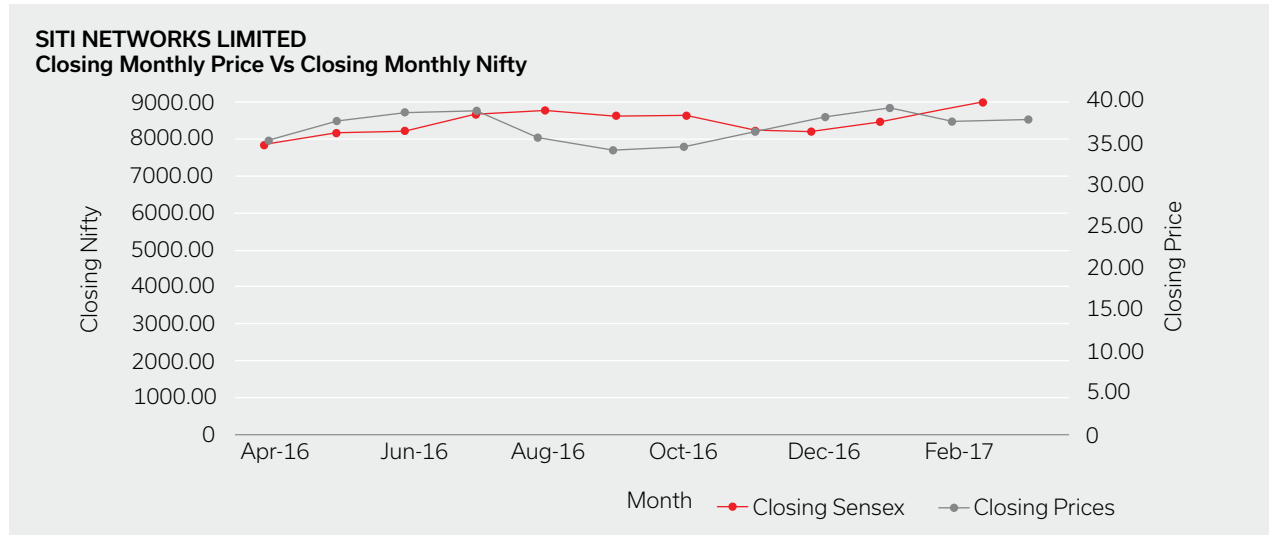
## REPORT ON CORPORATE GOVERNANCE

Month	BSE			NSE		
	High (in ₹)	Low (in ₹)	Traded Quantity	High (in ₹)	Low (in ₹)	Traded Quantity
April 2016	36.15	34.35	332,681	36.40	34.45	1,812,700
May 2016	39.60	35.30	1,832,657	39.60	35.30	8,636,387
June 2016	40.15	36.05	1,155,123	40.20	36.00	27,725,737
July 2016	40.15	36.85	665,251	40.00	36.95	2,585,226
August 2016	39.00	34.85	639,383	39.40	34.70	2,383,295
September 2016	36.70	32.50	1,092,662	36.80	33.10	2,513,083
October 2016	37.45	33.25	651,919	37.30	33.00	4,927,256
November 2016	37.25	31.00	685,857	37.85	28.15	15,711,858
December 2016	41.35	34.00	31,215,880	41.35	33.90	6,320,337
January 2017	40.80	34.00	575,993	40.95	36.25	2,884,114
February 2017	41.00	37.00	462,768	41.00	36.55	1,867,937
March 2017	41.20	37.00	20,218,956	41.45	36.85	6,407,719

### 19. Relative Performance of Shares of Siti Networks Limited vs. BSE Sensex & Nifty Index Monthly Closing Price (Month End) Vs Monthly Closing Sensex (Month End)



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



**20. Distribution of Shareholding as on March 31, 2017**

Description	Shareholders		No. of Shares	
	Number	% of shareholders	Number	% of Shares
Less than 5000	98,582	99.03	25,220,315	2.89
5001-10000	474	0.48	3,499,867	0.40
10001-20000	202	0.20	2,932,146	0.34
20001-30000	67	0.07	1,710,438	0.20
30001-40000	35	0.04	1,243,804	0.14
40000-50001	30	0.03	1,377,198	0.16
50001-100000	54	0.05	3,882,782	0.45
100000 and above	106	0.11	832,187,298	95.43
<b>Total</b>	<b>99,550</b>	<b>100.00</b>	<b>872,053,848</b>	<b>100.00</b>

**21. Categories of Equity Shareholder as on March 31, 2017**

Particulars	Received	Resolved/Replied
Promoters	641,528,140	73.57
Individuals	43,364,260	4.97
Financial Institutions, Mutual Funds & Banks	48,102,335	5.52
Indian Companies	20,426,062	2.34
FII (s),NRI(s),Foreign Bodies & OCBs	115,127,678	13.20
Others	3,505,373	0.40
<b>Total</b>	<b>872,053,848</b>	<b>100.00</b>

## REPORT ON CORPORATE GOVERNANCE

### 22. Promoter's Shareholding as on March 31, 2017

S. No.	Name of the shareholder	No. of Share held	% of total shareholding
1.	Direct Media Solutions Private Limited (Now Known As Direct Media Solutions LLP)	118,895,000	13.63
2.	Bioscope Cinemas Private Limited	112,008,946	12.84
3.	Direct Media And Cable Private Limited	85,714,285	9.83
4.	Digital Satellite Holdings Private Limited	71,369,898	8.18
5.	Arrow Media & Broadband Private Limited	57,142,857	6.55
6.	Digital Satellite Media & Broadband Private Limited	51,428,571	5.90
7.	Manaaska Fashions LLP	19,000,000	2.18
8.	Direct Media Solutions Llp (Formerly Known As Direct Media Solutions Private Limited)	2,105,000	0.24
9.	Essel Media Ventures Limited	75,828,755	8.70
10.	Essel International Limited	47,013,828	5.39
11.	Ashok Mathai Kurien	1,021,000	0.12
	<b>Total</b>	<b>641,528,140</b>	<b>73.57</b>

### 23. Top 10 Public Shareholders as on March 31, 2017

S. No.	Name of the shareholder	No. of Share held	% of total shareholding
1.	Morgan Stanley Asia (Singapore) Pte.	33,469,111	3.83
2.	HDFC Trustee Company Limited- HDFC Equity Fund	31,907,100	3.66
3.	Swiss Finance Corporation (Mauritius) Limited	12,708,282	1.46
4.	Polus Global Fund	12,238,456	1.40
5.	DSP Blackrock Micro Cap Fund	11,754,575	1.35
6.	Citigroup Global Markets Mauritius Private Limited	8,620,705	0.99
7.	Copthall Mauritius Investment Limited	6,446,624	0.74
8.	Morgan Stanley Mauritius Company Limited	5,388,198	0.62
9.	Amal N Parikh	4,848,162	0.56
10.	HDFC Trustee Company Limited - HDFC Tax Saver Fund	4,290,970	0.49

### 24. Equity Shares in the Suspense Account

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

Description	No. of Shareholders	No. of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2016	83	46,417
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	01	500
Number of shareholders to whom shares were transferred from the suspense account during the year	01	500
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2017	82	45,917

The voting rights on the shares outstanding in suspense account as on March 31, 2017 shall remain frozen till the rightful owner of such shares claims the shares.

## 25. Share Capital Build-Up

### (a) Equity Shares

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

### (b) Preference Shares

Particulars	No. of Equity Shares Allotted	Date of Issue
Issued pursuant to Scheme of Arrangement	23,436	December 29, 2006
<b>Paid up preference share capital of the Company as on March 31, 2017</b>	<b>23,436</b>	