

# 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 Listing Regulations a comprehensive Whistle Blower and Vigil Mechanism Policy has been approved and implemented within the organisation. The policy enables the employees and directors to report instances of any unethical act or suspected incidents of fraud or violation of Companies Code of Conduct or ethics policy. This Policy (copy of which is uploaded on the website of the Company) safeguards whistleblowers from reprisals or victimisation.

## CODE OF CONDUCT

The Company has also adopted a Code of Conduct for the Members of the Board of Directors and Senior Management and 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, 2016.

## V.D WADHWA

Executive Director & CEO  
Noida, May 15, 2016

### RELATED PARTY TRANSACTION POLICY

In compliance with the requirements of Regulation 23 of Listing Regulations, the Board of Directors of the Company has approved a Related Party Transaction Policy, to facilitate management to report and seek approval for any Related Party Transaction proposed to be entered into by the Company. The said Related Party Transaction Policy can be viewed on [www.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.

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.

### 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.

Apart from the above policies, the Board has in accordance with the requirements of Companies Act, 2013 and Listing Regulations approved and adopted Policy for determining Material Subsidiary, 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 Regulations. Independent Directors of the Company provide appropriate annual certifications to the Board confirming satisfaction of the conditions of their being independent as laid down in Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations.

Composition of the Board as at the close of March 31, 2016

Category of Director	No. of Director	% to total no of Directors
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>

### Number of Board Meetings

During the financial year under review, 6 (six) meetings of the Board were held on May 28, 2015, August 13, 2015, November 9, 2015, January 5, 2016, January 21, 2016 and February 19, 2015. 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, 2016 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 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 Listing 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 2015-16 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, 2016 are as under:

Name of the Director	Attendance at		No. of Directorship of other Public Companies <sup>4</sup>	No. of Membership/ Chairmanship of Board Committees <sup>5</sup>	
	Board Meeting (Total Board Meeting held 6)	9th AGM held on August 27, 2015		Membership	Chairmanship
<b>Non – Executive Independent Director</b>					
Mr. B.K.Syngal	6	Yes	3	2	2
Mr. Vinod Kumar Bakshi	6	No	1	3	Nil
Mr. Sureshkumar Agarwal	1	Yes	1	1	Nil
Ms. Kavita Anand Kapahi	3	Yes	2	2	Nil
<b>Non – Executive Director</b>					
Mr. Sandeep Khurana <sup>1</sup>	3	N.A.	Nil	Nil	Nil
Mr. Subodh Kumar <sup>2</sup>	-	Yes	-	-	-
<b>Non – Executive Chairman</b>					
Mr. Subhash Chandra <sup>3</sup>	-	N.A.	-	-	-
<b>Executive Director</b>					
Mr. V.D. Wadhwa	6	Yes	Nil	2	Nil

1. Mr. Sandeep Khurana was appointed as an Additional Director of the Company w.e.f. December 30, 2015.
2. Mr. Subodh Kumar resigned from the office as a Director effective from close of October 27, 2015.
3. Mr. Subhash Chandra resigned from the office as Director effective from close of April 4, 2015.
4. Excluding private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.
5. Only two committee viz. the Audit Committee and Stakeholder Committee are considered.

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

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

#### Separate Meeting of the Independent Directors

The Independent Directors of the Company met separately on March 28, 2016 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 & 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 APPOINTED/ REAPPOINTED AT THE ANNUAL GENERAL MEETING

**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 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 Organisation (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, Indian Security Council for IT & Telecom and Devas Multimedia Private Limited.

Mr. B.K. Syngal does not hold any securities in the Company.

**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 organisations like Care India, Gabriel India Ltd, Escorts Ltd, Williamson & Magor Group, Exide Industries Ltd., BBC etc. As BBC's Resident Director in India, he was responsible for supporting strategic directions, instilling operating standards to achieve goals, building talent and business infrastructure, as well as enhancing business growth and upholding and improving the image of BBC. Apart from being professional, Mr. Bakshi is a painter of repute and member of Lalita Kala Academy. He was also member of Central Film Censor Board.

Apart from the Company, Mr. Bakshi holds directorship in Planetcast Media Services Limited and Cottonconnect (South Asia) Private Limited.

Mr. Vinod Kumar Bakshi does not hold any securities in the Company.

**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 Dync 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 Dync Clothing Private Limited, Deoralia Finance Private Limited, Jay Properties Private Limited, Swals Steel Private Limited and Indian Cable Net Company Limited.

Mr. Sureshkumar Agarwal does not hold any securities in the Company.

**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 30 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. Sandeep Khurana 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 18 of the SEBI Listing Regulation, the Audit Committee reviews operations of subsidiary companies viz., its financial statement, significant related party transactions, statement of investments and minutes of meeting of the Board and Committees.

#### Term of reference

The Terms of reference and role of the Audit Committee are as per Regulation 18 and Schedule II part C of the 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 of transactions proposed to be entered into by the Company with related parties including any subsequent modifications thereto;
- Reviews functioning of Whistle Blower & Vigil Mechanism Policy; and

- Recommends proposals for appointment and remuneration payable to the Statutory Auditor, Internal Auditor and Chief Financial Officer.

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

#### Composition and Meetings of the Audit Committee

The Audit Committee of the Company comprised of Mr. B.K.Syngal, Independent Director as the Chairman and Mr. Vinod Kumar Bakshi Independent Director, 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 five (5) on May 28, 2015, August 13, 2015, November 9, 2015, January 5, 2016 and January 21, 2016 and the necessary quorum was present at the meetings. Mr. B.K.Syngal, Chairman of Audit Committee had attended the Annual General Meeting held on August 27, 2015 and answered the queries raised by the shareholders.

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

The details of attendance of Audit Committee meetings during the financial year ended March 31, 2016 are as under:

Name of the Director	Category	No. of meeting attended
Mr. B.K.Syngal (Independent Director)	Chairman	5
Mr. Vinod Kumar Bakshi (Independent Director)	Member	5
Mr. Sureshkumar Agarwal (Independent Director)	Member	1
Mr. V.D. Wadhwa (Executive Director)*	Member	2

\*Mr. V.D.Wadhwa was appointed as the member of the Audit Committee w.e.f. November 9, 2015

## 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.

### Term of reference

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

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

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

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

During the year under review, the Nomination and Remuneration Committee met three (3) times on May 28, 2015, August 13, 2015 and September 3, 2015 and the necessary quorum was present at the meetings.

The details of attendance of Nomination and Remuneration Committee meetings during the financial year ended March 31, 2016 are as under

Name of the Director	Category	No. of meeting attended
Mr. B.K.Syngal (Independent Director)	Member	3
Mr. Vinod Kumar Bakshi (Independent Director)	Member	3
Mr. Sureshkumar Agarwal (Independent Director)	Member	2

### Performance Evaluation Criteria for Independent Directors

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

### Remuneration Policy

The guiding principle of the remuneration policy of the Company is that the remuneration 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

Mr. V. D. Wadhwa, Executive Director & CEO of the Company, was appointed by the shareholders of the Company by passing the resolution through postal ballot on October 14, 2014 for a period of three (3) years commencing from August 12, 2014.

The detail of remuneration paid to the Mr. V. D. Wadhwa, Executive Director & CEO of the Company during the year ended March 31, 2016 is as under:-

Particulars	₹ in million
*Salary	14.95
*Benefits Perquisites and Allowances	0.00
Provident Fund Contribution	1.14
<b>Total Amount</b>	<b>16.09</b>
Employee Stock Options Granted (unvested)	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, 2015 to March 31, 2016 are as under:

(₹ in million)	
Name of the Director	Amount paid as Sitting Fees
Mr. B. K. Syngal	0.34
Mr. Vinod Kumar Bakshi	0.34
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, rematerialisation, dematerialisation, etc. of shares of the Company to the Company Secretary of the Company.

The Stakeholders' Relationship Committee of the Company comprised of Mr. B. K. Syngal Independent Director, Mr. Vinod Kumar Bakshi, Independent Director and Mr. 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, no meeting was held of Stakeholders Relationship Committee. Mr. Subodh Kumar, who was on the Board of Directors of the Company, had attended the Annual General Meeting held on August 27, 2015 and answered the queries raised by the shareholders.

Details of number of requests/complaints received and resolved during the year ended March 31, 2016 are as under:

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

### OTHER BOARD COMMITTEES

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

In addition to the above, the Board has constituted 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 comprising of Mr Vinod Kumar Bakshi, Mr. Sureshkumar Agarwal and Mr. V.D.Wadhwa as the Members.

The broad term of reference includes:-

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

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

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 Tenth Annual General Meeting of the Company for the Financial Year 2015-16 will be held on Tuesday, September 27, 2016 at 3.30 p.m. "Hall of Culture", Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400018".

Details of Annual General Meeting of the Company held during last 3 years are as under:

Meeting	Day, Date and Time of the Meeting	Venue	Special Resolution passed
2014-15	Thursday, August 27, 2015 3:30 p.m	'Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400018	<p>a. Approval for increasing the FII/FPI holding limit to 49% of the paid-up equity share capital of the Company.</p> <p>b. Approval for raising of capital by issue of Equity Shares or convertible securities up to an amount not exceed Rupee equivalent of USD 100 million.</p> <p>c. Implementation of 'SITI ESOP 2015'.</p> <p>d. Extending the benefits of SITI ESOP 2015 to the employees and Directors of the subsidiaries / holding company of the Company.</p>
2013-14	Tuesday, August 12, 2014 4:00 p.m	"Ravindra Natya Mandir", Near Siddhivinayak Temple, Sayani Marg, Prabhadevi, Mumbai - 400 025.	<p>a. Appointment of Mr. Anil Malhotra as the Manger of the Company.</p> <p>b. Pursuant to the provision of Section 180(1)(c) of the Companies Act, 2013 for borrow money upto ₹ 1500 crore.</p>
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.

During the year under review, the Shareholder of the Company has passed the following resolutions at the Extra-ordinary General Meeting held on February 4, 2016 at 3:00 p.m. at Kohinoor Continental, Andheri Kurla Road, Chakala, Andheri (E), Mumbai - 400 059 :-

- i. Increase in Authorised Share Capital of the Company and consequential change in Clause V(a) of the Memorandum of Association of the Company relating to Share Capital.
- ii. Issuance of convertible Warrants and Optionally Fully Convertible Debentures to Promoter/ Promoter Group entities.

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. 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 Notice : May 28, 2015		Date of Result : July 13, 2015	
	Voter count (No. of Shares)	FOR	Voter count (No. of Shares)	Approved/ Disapproved AGAINST
Special Resolution under Section 180(1)(c) of the Companies Act, 2013, for borrowing money upto ₹ 3000 crore	515,701,377		5,172	Approved

- FCS Satish K. Shah, Practicing Company Secretary was appointed as the Scrutiniser for conducting the Postal Ballot process in a fair and transparent manner.
- The Company has engaged CDSL for using the electronic platform for evoting for the resolution under the Postal Ballot and the voting received using the electronic platform were entered in a register separately maintained for the purpose.
- The voting period under the postal ballot was commence Wednesday, the 10th day of June, 2015 at 9.00 a.m. and ended on Thursday, the 9th day of July, 2015 at 6.00 p.m.

## OTHER DISCLOSURES

### 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 2015-16 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** (*earlier known as Siti Cable Network Limited*)

We have examined the compliance of conditions of Corporate Governance by **Siti Networks Limited** (*earlier known as Siti Cable Network Limited*) (the Company'), for the year ended March 31, 2016, as stipulated in SEBI (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 the explanations given to us and based on representation made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

For **Amit Agrawal & Associates**

Place : New Delhi  
Dated : August 19, 2016

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

## GENERAL SHAREHOLDERS INFORMATION

1.	Annual General Meeting	
	● Day & Date	: Tuesday, September 27, 2016
	● Time	: 3.30 PM.
	● Venue	: "Hall of Culture", Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400018".
2.	Financial year	: April 1, 2015 to March 31, 2016
3.	Book Closure Date	: Wednesday, September 21, 2016 to Tuesday, September 27, 2016 (both days inclusive)
4.	Dividend Payment Date	: The Board has not recommended any dividend for the Financial Year 2015-16.
5.	Address of Correspondence Registered Office	: 4th Floor, Madhu Industrial Estate, Pandurang Budhkar Marg, Worli, Mumbai 400013. Phone No.: +91- (022) 43605555 Email :- <a href="mailto:csandlegal@sitinetworks.com">csandlegal@sitinetworks.com</a>
6.	Corporate Office	: GYS Global Building (Tower A), 4th Floor, Plot No A-3, 4 & 5, Sector - 125, Noida-201301 Ph No.: +91-(0120) 4526707 Email :- <a href="mailto:csandlegal@sitinetworks.com">csandlegal@sitinetworks.com</a>
7.	Listing on Stock Exchange	: BSE Limited (BSE) The National Stock Exchange of India Limited (NSE) Company has paid requisite Listing Fees to the Stock Exchanges for Financial Year 2015-16.
8.	Stock Code	: BSE - 532795 NSE - SITINET-EQ
9.	Corporate Identification Number	: L64200MH2006PLC160733
10.	ISIN No.	: INE965H01011
11.	Registrar & Share Transfer Agent	: Link Intime India Pvt Ltd (w.e.f. July 1, 2016) C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup West, Mumbai 400 078, India Tel: +91-22-2594 6970 Fax: +91-22-2594 6969 E.Mail: <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 share in dematerialised form are requested to submit their PAN, notify the change of address, if any, to their

respective Depository Participant (DP). Members holding shares in physical form can submit their PAN, notify the change of address, if any, to the Company/ Registrar & Share Transfer Agent.

### 13. SHARE TRANSFER SYSTEM

99.95% of the Equity Shares of the Company are in electronic form. Transfer of these shares is 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 the Company. Transfer of shares in physical form is normally

processed within ten to twelve days from the date of receipt, if the documents are complete in all respects.

#### 14. DEMATERIALISATION OF SHARES & LIQUIDITY

To facilitate trading of Equity shares of the Company in dematerialised form, the Company has made arrangements with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shareholders can open account with any of the Depository Participant registered with any of these two depositories. As on March 31, 2016, 99.95% of the Equity Shares of the Company is held by 107,961 Equity Shareholders in the dematerialised form and the balance 0.05% is held by 687 Equity Shareholders in physical form.

#### 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, has issued and allotted 142,857,142 number of Warrants and 51,428,571 number of Optionally Fully Convertible Debentures (OFCDs), convertible into equal number of Equity Shares of ₹ 1/- each on the Preferential basis to the Promoters/ Promoter Entities.

As on March 31, 2016, 57,142,857 number of Warrants and 20,628,571 number of Optionally Fully Convertible Debentures (OFCDs) are outstanding for conversion into equal number of Equity Shares of ₹ 1/- each. After conversion of all these Warrants and OFCDs, the Promoter's shareholding will increase from exiting 70.99% to 73.58%.

The Company has not issued any GDRs/ADRs in the past and hence as March 31, 2016, the Company does not have any outstanding any 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 the 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 Investor Relations Officer of the Company.

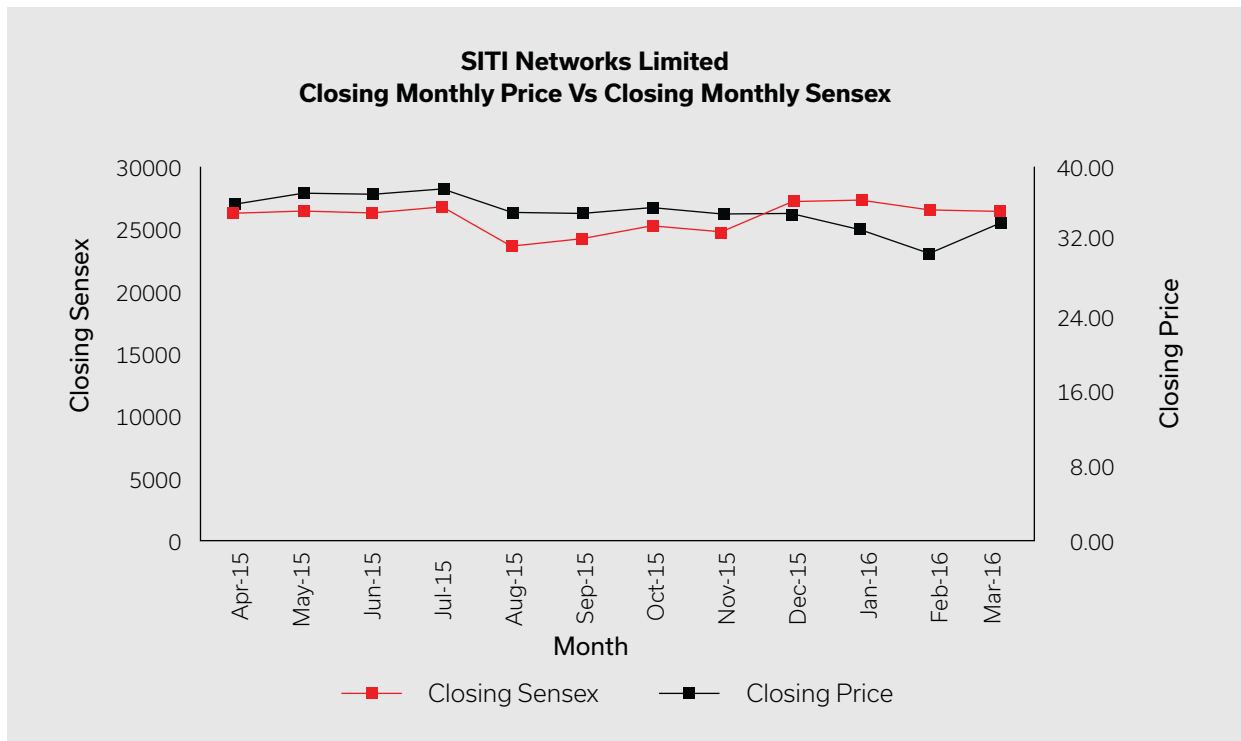
#### 18. MARKET PRICE DATA

Monthly high and Low quotation and volume of Equity Shares traded on BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) for the Financial year 2015-16 are given as under:-

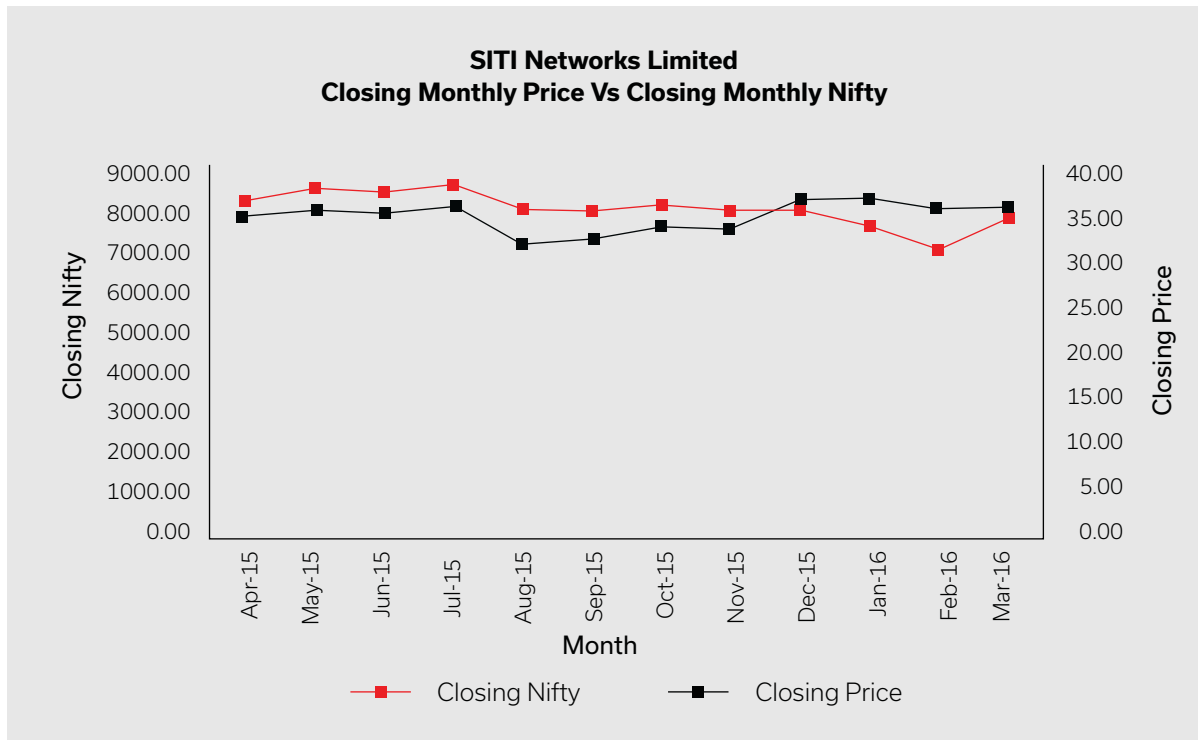
Month	BSE			NSE		
	High (in ₹)	Low (in ₹)	Traded Quantity	High (in ₹)	Low (in ₹)	Traded Quantity
April 2015	37.40	34.25	1,452,264	38.00	34.10	6,306,818
May 2015	37.25	33.55	1,138,141	37.25	33.45	5,666,186
June 2015	36.50	32.50	1,540,822	36.50	32.40	18,069,346
July 2015	37.80	33.30	8,300,774	39.90	33.20	15,564,807
August 2015	36.10	27.50	2,093,560	36.00	27.65	4,680,110
September 2015	34.15	30.00	1,980,342	34.25	30.10	6,756,123
October 2015	35.95	32.00	1,344,947	35.90	32.00	2,917,615
November 2015	34.30	30.15	820,227	34.40	30.35	2,455,177
December 2015	37.10	32.40	2,092,084	37.20	32.20	8,471,496
January 2016	41.70	33.75	4,773,986	41.70	33.60	16,540,768
February 2016	36.80	30.90	1,076,467	36.95	30.80	7,792,297
March 2016	36.70	33.95	1,707,786	36.75	34.00	4,308,287

## 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 Nifty (Month End)



## 20. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2016

Description	Shareholders		No. of Shares	
	Number	% of shareholders	Number	% of Shares
Less than 5000	107,496	98.94	28,803,315	3.63
5001-10000	577	0.53	4,250,542	0.54
10001-20000	257	0.24	3,732,601	0.47
20001-30000	86	0.08	2,159,966	0.27
30001-40000	46	0.04	1,606,623	0.20
40000-50001	23	0.02	1,058,865	0.13
50001-100000	69	0.06	4,906,334	0.62
100000 and above	94	0.09	747,629,174	94.14
<b>Total</b>	<b>108,648</b>	<b>100.00</b>	<b>794,147,420</b>	<b>100.00</b>



## 21. CATEGORIES OF EQUITY SHAREHOLDER AS ON MARCH 31, 2016

Particulars	No. of Share held	% of shareholding
Promoter	563,756,712	70.99
Individual	53,993,686	6.80
Financial Institutions, Mutual & Banks	50,743,086	6.39
Indian companies	15,390,079	1.94
Trust	77,773	0.01
FII, NRI, Foreign Bodies & OCBS	110,186,084	13.87
<b>Total</b>	<b>794,147,420</b>	<b>100.00</b>

## 22. PROMOTERS SHAREHOLDING AS ON MARCH 31, 2016

S. No.	Particulars	No. of Share held	% of total shareholding
1.	Direct Media Solutions Private Limited	140,000,000	17.63
2.	Bioscope Cinemas Private Limited	50,670,529	6.38
3.	Digital Satellite Holdings Private Limited	71,369,898	8.99
4.	Essel Media Ventures Limited	116,431,000	14.66
5.	Essel International Limited	67,750,000	8.53
6.	Digital Satellite Media & Broadband Private Limited	30,800,000	3.88
7.	Direct Media & Cable Private Limited	85,714,285	10.79
8.	Ashok Mathai Kurien	1,021,000	0.13
	<b>Total</b>	<b>563,756,712</b>	<b>70.99</b>

## 23. TOP TEN (10) PUBLIC SHAREHOLDING AS ON MARCH 31, 2016

S. No.	Name of Shareholder	No of Shares held	% of shareholding
1.	Morgan Stanley Asia (Singapore) PTE.	35,491,633	4.47%
2.	HDFC Trustee Company Limited-HDFC Equity Fund	32,907,100	4.14%
3.	Polus Global Fund	14,949,030	1.88%
4.	Swiss Finance Corporation (Mauritius) Limited	12,708,282	1.60%
5.	DSP Blackrock Micro Cap Fund	11,754,575	1.48%
6.	Citigroup Global Markets Mauritius Private Limited	7,225,119	0.91%
7.	Copthall Mauritius Investment Limited	6,446,624	0.81%
8.	Amal N Parikh	4,848,162	0.61%
9.	HDFC Trustee Company Limited - HDFC Tax Saver fund	4,645,970	0.58%
10.	Goldman Sachs (Singapore) PTE	3,586,526	0.45%

## 24. UNCLAIMED SHARES

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, 2015	84	46,917
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, 2016	83	46,417

The voting rights on the shares outstanding in suspense account as on March 31, 2016 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 of Preferential Issue	68,500,000	March 25, 2014
Allotted upon conversion of warrants as per terms of issue of Preferential Issue	93,500,000	April 2, 2014
ESOP Allotment	77,840	February 4, 2015
QIP Allotment	63,174,540	March 9, 2015
ESOP Allotment	167,840	March 26, 2015
Allotted upon conversion of warrants as per terms of issue of Preferential Issue	85,714,285	February 19, 2016
Allotted upon conversion of OFCD as per terms of issue of Preferential Issue	30,800,000	March 28, 2016
Less: Forfeiture of shares	1,227,123	October 19, 2011
<b>Paid up equity share capital of the Company as on March 31, 2016</b>	<b>794,147,420</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, 2016</b>	<b>23,436</b>	