

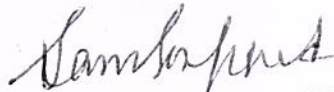
FORM – A

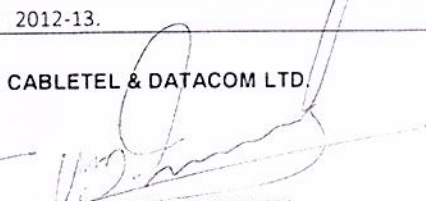
Format of Covering letter of the annual audit report to be filed with the stock exchanges

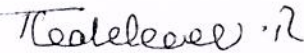
1.	Name of the Company	Hathway Bhawani Cabletel & Datacom Ltd.
2.	Annual Financial Statements for the year ended	March 31, 2014
3.	Type of Audit Observation	<p>Independent Auditor's Report (Stand Alone Financial Statements) (Emphasis of the Matter)</p> <p>a) Note no. 4.10 to the accounts relating to basis of recognition of income. In view of the prevailing circumstances, as explained in the said note, the Company has estimated its income from its networks located in these cities.</p> <p>Independent Auditor's Report (Consolidated Financial Statements) (Emphasis of the Matter)</p> <p>a) Note no. 4.10 to Consolidated Financial Statements relating to basis of recognition of income in view of introduction of Digital Addressable System (DAS) by the Central Government in the metropolitan cities. In view of the prevailing circumstances, as explained in the said note, the Company has estimated its income from its networks located in these cities.</p>
4.	Frequency of Observation	<p>Independent Auditor's Report (Stand Alone Financial Statements) Point number (a) of standalone financial Statement is repetitive from the financial year 2012-13.</p> <p>Independent Auditor's Report (Consolidated Financial Statements) Point number (a) of Consolidated Financial Statement are repetitive from the financial year 2012-13.</p>

For G. M. KAPADIA & CO.
Chartered Accountants

For HATHWAY BHAWANI CABLETEL & DATACOM LTD.


(SAMSON JESUDAS)
Managing Director


(MILIND KARNIK)
Director



(VIREN THAKKAR)
Partner

Mumbai
Dated: May 26, 2014

Mumbai
Dated: May 26, 2014



HATHWAY BHAWANI
CABLETEL & DATACOM LIMITED

30th

Annual Report
2013-2014

hathw@ybhawani
CABLE INTERNET
MEGA BYTES IN MINI SECONDS

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

BOARD OF DIRECTORS

Mr. Samson Jesudas
Mr. Milind Karnik
Mr. Kuldeep Puri
Mr. Dilip Worah
Mr. L. K. Kannan
Mr. Hetal Thakore

Managing Director

AUDITORS

G.M. Kapadia & Co.
Chartered Accountants

REGISTERED OFFICE

“Rahejas”, 4th Floor, Corner of Main Avenue &
V.P. Road, Santacruz (West), Mumbai – 400 054
Tel No: (022) 26001306 Fax No: (022) 26001307

BANKERS

Bank of Maharashtra
Axis Bank Limited

ADMINISTRATIVE OFFICE

Sanjona Complex, 5th Floor, Hemu Kalani Marg,
Plot No. 11-A, Sindhi Society, Chembur, Mumbai – 400 071
Tel No: (022) 61534400 Fax No: (022) 61534455

REGISTRAR & TRANSFER AGENT

M/s. Bigshare Services Private Limited
E-2/3, Ansa Industrial Estate, Sakivihar Road,
Saki Naka, Andheri (East), Mumbai – 400 072
Tel.: (022) 28470652 Fax: (022) 28525207
Email: bigshare@bom7.vsnl.net.in

DETAILS OF DEMATERIALISATION OF SHARES

Company's ISIN number for Dematerialisation is **INE525B01016**
with National Securities Depository Limited (NSDL) &
Central Depository Services Limited (CDSL)

HATHWAY BHAWANI CABLETEL AND DATACOM LIMITED

'Rahejas', 4th Floor, Corner of Main Avenue & V.P. Road, Santacruz (West), Mumbai – 400054

Tel: 91-22-26001306 Fax: 91-22-26001307

CIN: L65910MH1984PLC034514 Email: investors.bhawani@hathway.net

NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTIETH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON 10TH, SEPTEMBER, 2014, AT 3:00 P.M. AT GROUND FLOOR, WINDSOR, OFF CST ROAD, KALINA, SANTACRUZ EAST, MUMBAI 400098, TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and the Profit and Loss Account for the year ended on that date together with the Reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Kuldeep Puri (DIN: 00054541), who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint M/s. G. M. Kapadia & Co, Chartered Accountants, (Registration No. 104767W) as the Statutory Auditors of the Company and to fix their remuneration..

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, a new set of Articles of Association be and is hereby approved and adopted as the Articles of Association of the Company in total exclusion, substitution and superseding the existing Articles of Association of the Company.

RESOLVED FURTHER THAT any one of the Directors of the Company be and are hereby authorized to sign, verify, execute and file all necessary forms and documents with any Governmental Authority including but not limiting to, the Registrar of Companies, Maharashtra, at Mumbai and such other authorities as may be required from time to time and to do all such acts, deeds, matters and things necessary or expedient to give effect to resolution."

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

"RESOLVED THAT pursuant to the provisions of sub-section (2) of Section 150, sub-section (2) of Section 152 of the Companies Act, 2013, relevant provisions of the Listing Agreement, and as per notice received under Section 160 of the Companies Act, 2013 from a shareholder along with the requisite deposit proposing candidature of Mr. Dilip Worah as an Independent director, Mr. Dilip Worah, (DIN 00047252) be and is hereby appointed as an Independent Director of the Company for a period of five years from the date of conclusion of this meeting and that he shall not be liable to retire by rotation.

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

RESOLVED FURTHER THAT any one of the Directors of the Company be and are hereby authorised to file appropriate E-Form with the Registrar of Companies, Maharashtra, Mumbai, as also for intimating the same to any other authority as may be required.”

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

“**RESOLVED THAT** pursuant to the provisions of sub -section (2) of Section 150, sub-section (2) of Section 152 of the Companies Act, 2013, relevant provisions of the Listing Agreement, and as per notice received under Section 160 of the Companies Act, 2013 from a shareholder along with the requisite deposit proposing candidature of Mr. L. K. Kannan as an Independent director, Mr. L. K. Kannan, (DIN 00110428) be and is hereby appointed as an Independent Director of the Company for a period of five years from the date of conclusion of this meeting and that he shall not be liable to retire by rotation.

RESOLVED FURTHER THAT any one of the Directors of the Company be and are hereby authorised to file appropriate E-Form with the Registrar of Companies, Maharashtra, Mumbai, as also for intimating the same to any other authority as may be required.”

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

“**RESOLVED THAT** pursuant to the provisions of sub-section (2) of Section 150, sub-section (2) of Section 152 of the Companies Act, 2013, relevant provisions of the Listing Agreement, and as per notice received under Section 160 of the Companies Act, 2013 from a shareholder along with the requisite deposit proposing candidature of Mr. Hetal Thakore as an Independent director, Mr. Hetal Thakore, (DIN 00340446) be and is hereby appointed as an Independent Director of the Company for a period of five years from the date of conclusion of this meeting and that he shall not be liable to retire by rotation.

RESOLVED FURTHER THAT any one of the Directors of the Company be and are hereby authorised to file appropriate E-Form with the Registrar of Companies, Maharashtra, Mumbai, as also for intimating the same to any other authority as may be required.”

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

“**RESOLVED THAT** pursuant to the provisions of Section 62(1)(c) and Section 42 and all other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of Companies (Prospectus & Allotment of Securities) Rules 2014 and Rule 13 of Companies (Share Capital & Debentures) Rules 2014 (including any amendment, modification, variation or re-enactment thereof) and/or the applicable rules, regulations, notifications and circulars, if any, issued by the Securities and Exchange Board of India (**SEBI**) from time to time, including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the **ICDR Regulations**), the Government of India or any other competent authority and clarifications, if any, issued thereon from time to time by the appropriate authorities, the Equity

listing agreements (the **Listing Agreement**) entered into by the Company with BSE Limited where the Company's Equity shares of the Face Value of Rs. 10 (Rupees Ten only) each (the **Equity Shares**) are listed and other concerned and appropriate authorities, and other applicable laws, if any, and relevant provisions of the Memorandum and Articles of Association of the Company and such approval(s), consent(s), permission(s) and/or sanction(s), if any, of the Government of India, SEBI, and any other appropriate authority(ies), bank(s), institution(s) or body(ies) as may be necessary and subject to such conditions as may be prescribed by any of them in granting any such approval, consent, permission or sanction, consent of the Company be and is hereby accorded to create, offer, issue and allot up to 9,00,000 (Nine Lacs) fully paid-up Equity Shares to Hathway Cable & Datacom Limited, an entity forming part of the promoter group, in lieu of the outstanding amount of Rs. 99,00,000/- (Rupees Ninety Nine Lacs only) at a price of Rs. 11/- (Rupees Eleven only) per Equity Share including premium of Re. 1/- (Rupee one only) per Equity Share aggregating up to Rs. 99,00,000/- (Rupees Ninety Nine Lacs only), on a preferential allotment basis, on such terms and conditions as may be finalised by the Board, subject to compliance with the minimum issue price requirement set out in Regulation 76 of the ICDR Regulations.

RESOLVED FURTHER THAT subject to the approval of the shareholders of the Company and subject to the relevant provisions contained in the Memorandum and Articles of Association of the Company, the said Equity Shares to be so issued and allotted, shall be fully paid-up and shall rank pari passu in all respects including as to dividend, with the existing fully paid-up Equity Shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the following officials of the Company:

- 1) Mr. Samson Jesudas – Managing Director
- 2) Mr. Milind Karnik – Director
- 3) Mr. Ajay Singh – Authorised Signatory
- 4) Mr. Dilip Vaidya – Authorised Signatory

be and are hereby severally authorized to:

- (a) decide on the terms and for issue of the Equity Shares in the best interests of the Company, and take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable, incidental or expedient for the issue or allotment of the said Equity Shares and listing thereof with the Stock Exchanges where the existing Equity Shares of the Company are listed and to take all such steps and to do all such things as may be required to comply with the requirements of the ICDR Regulations and other applicable laws and give all such directions as the Board may consider necessary, expedient or desirable, including without limitation, effecting any modification to the foregoing resolution, to prescribe the forms of application, allotment, to enter into any definitive agreements and other incidental documents or other instruments and writings, and to take such actions or give such directions as may be

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

necessary or desirable and to file applications and obtain any approvals, permissions, sanctions which may be necessary or desirable and to resolve and settle all questions and difficulties that may arise in relation to the proposed creation, issue, offer and allotment of the said Equity Shares to be issued and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion may deem fit and to appoint such consultants, valuers, legal advisors, advisors and all such agencies as may be required for the issue and allotment of the said Equity Shares to be issued, without being required to seek any further consent or approval of the Board and that the Board shall be deemed to have given its approval thereto expressly by the authority of this resolution;

- (b) execute and file any and all requisite forms, documents, returns, and/or deeds with any regulatory authority in connection with the above resolutions, (including e-Forms to be filed with the Registrar of Companies and other notifications required to be made to the Stock Exchanges); and
- (c) represent the Company before any central, state, local or other regulatory authorities (including the Stock Exchanges, SEBI and the Registrar of Companies) and banks or financial institutions for the purpose of the Allotment of equity shares.”

BY ORDER OF THE BOARD

Samson Jesudas
Managing Director

Place: Mumbai

Date: August 11, 2014

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND, AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, if any, in order to be effective, must be received at the Company's Registered Office not later than 48 (Forty Eight) hours before the time fixed for holding the meeting. Proxies submitted on behalf of the companies, etc, must be supported by appropriate resolution/authority, as applicable. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided not less than three days of notice in writing is given to the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

4. Corporate Members are requested to send a duly certified true copy of the Board Resolution authorizing their representative to attend and vote at the Meeting.
5. Any member proposing to seek any clarification on the accounts, is requested to send the queries to the Company at its registered office at least seven days prior to the date of Annual General Meeting to enable the management to compile the relevant information to reply the same in the meeting.
6. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting.
7. The Register of the Members and the Share Transfer Books of the Company will remain closed from, 08th September 2014 to 10th September 2014 (Both days inclusive).
8. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, for Special Business, setting out all material facts and the statement of particulars of Directors seeking appointment/re-appointment, as required under Clause 49 of the Listing Agreement are annexed hereto. The Directors have furnished the requisite consents / declarations for their appointment / reappointment.
9. Members are requested to bring their copy of Annual Report and attendance slip to the meeting.
10. The Annual Accounts of the Subsidiary Companies shall be available at the Registered Office of the Company for inspection by any shareholder.
11. Hard copy of the details of accounts of subsidiaries required by any shareholders can be obtained with a written request to the Managing Director of the Company at the Registered Office of the Company.
12. Relevant documents referred to in the accompanying Notice and the Statement, are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
13. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold in physical form are requested to write their folio number in the attendance slip.
14. Members who would like to receive notices, letters, annual reports, documents and any other correspondence by electronic mode are requested to register their email addresses and changes therein, from time to time, with Company's Registrar and Transfer Agent in respect of shares held in physical form and with respective Depository Participants (DP) where the shares are held in dematerialized form. Shareholders holding shares in physical form can send their email address for registration to flavia@bigshareonline.com quoting the Folio Number and Name of the Company.

The instructions for members for voting electronically are as under:-

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

(A) In case of members receiving e-mail:

- i) If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used.
- ii) Log on to the e-voting website www.evotingindia.com.
- iii) Click on "Shareholders" tab to cast your votes.
- iv) Now, select the Electronic Voting Sequence Number - "EVSN" along with "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- v) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	

* Members who have not updated their PAN with the Company/Depository Participant are requested to use the default number: <0123456789> in the PAN field.

Please enter any one of the details in order to login.

- vi) After entering these details appropriately, click on "SUBMIT" tab.
- vii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach "Password Creation" menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & *). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly note that this changed password is to be also used by the Demat holders for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e- voting through CDSL platform.

- viii) Click on the relevant EVSN on which you choose to vote.
- ix) On the voting page, you will see Resolution Description and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- x) Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
- xi) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (B) In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:
- Please follow all steps from sl. no. (ii) to sl. no. (xii) above, to cast vote.
- (C) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
- (D) The voting period begins from 10.00 am, Thursday, 4th September 2014 and ends on 5.00 p.m., Saturday, 6th September 2014. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 28th August 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (E) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 29th August 2014.
- Mr. Himanshu Kamdar, Practising Company Secretary (Membership No. 5171) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
15. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer’s Report shall be communicated to the Stock Exchanges on which the Company’s equity shares are listed.

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

Item No. 4:

In view of the recent notification of Companies Act 2013 and rules there under in place of Companies Act, 1956, it is necessary to adopt new set of Articles of Association giving effect to the provisions and rules framed therein.

Various clauses in the existing Articles of Association necessitate amendment and/or alteration in order to reflect *inter-se*, various provision and rules under the aforesaid Act and rules framed therein.

As per the provisions of Section 14 of the Companies Act, 2013, alteration in Articles of Association of the Company will be required to be approved by the shareholders of the Company and hence placed for seeking approval of shareholders.

Copy of existing and amended Articles of Association of the Company will be available for inspection by members during 11.00 a.m to 2.00 p.m. at the Registered Office of the Company during Monday to Friday till the date of Annual General Meeting.

Your Board recommends this resolution to seek your approval for amendment for adoption of new set of Articles of Association.

None of the persons specified in Section 102 of the Companies Act, 2013, namely the Promoters, Directors, Key Managerial Persons, Relatives of Promoters, Directors and Key Managerial Persons or the entities comprising the interest of Promoters, Directors or Key Managerial Persons, are concerned or interested in the above resolutions.

Item No. 5, 6, & 7

Pursuant to Clause 49 of the Listing Agreement, Mr. Dilip Worah, Mr. L. K. Kannan and Mr. Hetal Thakore are holding the office of Directors categorized as Independent Directors of the Company. As per the provisions of Section 149(4) of the Companies Act, 2013 and in accordance with the provisions of Articles of Association of the Company, it would be necessary to have atleast one third of the total number of directors as independent directors. The provisions of sub section 10 of the said Section further stipulates that an independent director shall hold office for a term up to five consecutive years on the Board of the Company and shall not be liable to retire by rotation.

It is proposed to appoint all the present Independent Directors viz. Mr. Dilip Worah, Mr. L. K. Kannan and Mr. Hetal Thakore as Independent Directors for a period of five years from the date of Annual General Meeting.

The Nomination and Remuneration Committee has recommended and the Board of Directors of the Company has formed an opinion that all the Independent Directors fulfils the conditions specified in the Companies Act, 2013 for the appointment.

Justification under Section 150(2) of the Companies Act, 2013 for considering the appointment of each of the independent directors is as under:

Mr. Dilip Worah has a wide experience of 20 years in the field of Audits, Internal Audits, Bank Audits, Income Tax and Indirect Tax matters, Company Law, Investments, Finance and Business Advisory.

Mr. Worah serves as Director of Ulka Finance & Investment Private Limited. Mr. Worah is a member of the Institute of the Chartered Accountants of India.

Mr. L. K. Kannan is a Commerce Graduate. Mr. L. K. Kannan has been Director of Hathway Bhawani Cabletel and Datacom Ltd. since December 30, 2005. Mr. Kannan is in service since last 25 years. Mr. Kannan serves as Director of Integra Unisource Private Limited.

Mr. Hetal Thakore is a Senior Partner with M/s. Thakore Jariwala & Associates - a firm of Advocates & Solicitors. He is a Science Graduate and holds LL.B. degree. Further he is also a Solicitor with Bombay High Court and London and Wales (not practicing). Mr. Thakore has over 25 years of experience in law practice. Before starting his career with M/s. Thakore Jariwala & Associates, he was associated with Kanga & Co. - a leading law firm in Mumbai for 5 years

None of the Independent Directors hold any shares in the Company.

As per the provisions of sub-section (7) of Section 149 of the Companies Act, 2013, the Board of Directors of the Company has received declaration from all the Independent Directors that they meet with the criteria of independence as provided in sub section (6) of Section 149 of the Companies Act, 2013.

Independent Directors shall not be entitled to any stock option and may receive remuneration by way of fees provided under sub-section (5) of Section 197 of the Companies Act, 2013, reimbursement of expenses for participation in the Board and other meetings and profit related commission, if any, as may be approved by the members.

As per the provisions Section 160 of the Companies Act, 2013, The Company has received notice under Section 160 of the said Act from shareholders proposing the candidature, for the office of a Director of the Company along with the deposit of Rs. 1,00,000/- for each of the aforesaid Directors.

Mr. Dilip Worah, Mr. L. K. Kannan and Mr. Hetal Thakore deemed to be interested or concerned in their respective resolution for appointment. Apart from the said directors, none of the persons specified in Section 102 of the Companies Act, 2013 namely the Promoters, Directors, Key Managerial Persons, Relatives of Promoters, Directors and Key Managerial Persons or the entities comprising the interest of Promoters, Directors or Key Managerial Persons, are concerned or interested in the above resolutions..

Your Directors recommend the resolutions as mentioned in Item Nos. 5 to 7 of the Notice for your approval.

Item No 8

CONVERSION OF AMOUNT DUE TO HATHWAY CABLE & DATACOM LIMITED INTO FULLY PAID UP EQUITY SHARES

The Company is proposing the preferential issue and allotment of 9,00,000 Equity Shares (the **Preferential Allotment**) in accordance with Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations, 2009, as amended (**ICDR Regulations**) and seeks your approval to the proposed special resolution under the provisions of Section 62(1)(c) and Section 42 of the Companies Act, 2013.

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

Through resolution dated 11th August 2014, the Board of Directors of the Company, has subject to the approval of the shareholders and requisite statutory approvals as may be applicable, approved the issue of 9,00,000 (Nine Lacs) Equity Shares to Hathway Cable & Datacom Limited (hereinafter referred to as the **Allottees**), at a price of Rs. 11/- (Rupees Eleven only) per Equity Share (being the price higher than the minimum price determined in accordance with the ICDR Regulations) aggregating for a total conversion amount to Rs. 99,00,000/- (Rupees Ninety Nine Lacs only).

INFORMATION AS REQUIRED UNDER REGULATION 73 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 (ICDR REGULATIONS) IS SET OUT BELOW:

1. Objects of the Preferential Allotment:

The object of the Preferential Allotment is to convert the amount due to the allottee, as mentioned in the explanatory note above.

2. Intention of the promoters, directors or key management personnel of the Company to subscribe to the Preferential Allotment:

Hathway Cable & Datacom Limited, Promoter Group Company will subscribe to the entire Preferential Allotment of 9,00,000 equity shares.

3. Shareholding Pattern:

The shareholding pattern of the Company before and after the Preferential Allotment is as under:

Sr. No.	Category	Pre-issue equity shareholding		No of Equity Shares proposed to be allotted	Post-issue equity shareholding	
		Number of Equity Shares	%		Number of Equity Shares	%
A.	Promoters and Promoter Group					
	Allottee under preferential issue	19,20,000	24.00	9,00,000	28,20,000	31.69
	Other promoters	31,68,457	39.61	0	31,68,457	35.61
	Total (A)	50,88,457	63.61	9,00,000	59,88,457	67.30
B.	Public					
	a) Foreign Institutional Investors	0	0	0	0	0
	(b) Mutual Funds	0	0	0	0	0
	(c) Other Public Shareholders	29,11,543	36.39	0	29,11,543	32.70
	Total (B)	29,11,543	36.39	0	29,11,543	32.70
	Grand Total (A+B)	80,00,000	100.00	9,00,000	89,00,000	100.00

4. Proposed time within which the Preferential Allotment shall be completed:

The Preferential Allotment is proposed to be completed within a period of 15 (fifteen) days from the date on which the shareholders' sanction is obtained for the Preferential Allotment, provided that where the allotment is pending on account of pendency of any approvals from any regulatory authority or the Central Government, in which case, the allotment shall be completed within a period of 15 (fifteen) days from the date of such approval or such other extended period as may be permitted by the ICDR Regulations.

5. Identity of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately control the proposed allottees, the percentage of pre and post issue share capital that may be held by the proposed allottees in the Company consequent to the Preferential Allotment:

Name	Category	Pre-Issue Holding Shares to be allotted		No of Equity	Post-Issue Holding	
		Number of Equity Shares	%		Number of Equity Shares	%
Hathway Cable & Datacom Limited	Promoter Group Company	19,20,000	24.00	9,00,000	28,20,000	31.69

There are no natural persons who are either the ultimate beneficial owners of the shares proposed to be allotted to the Allottees, or who ultimately control the Allottee.

6. Change in Control:

The Preferential Allotment to the Allottees will not result in a change in the control or management of the Company.

7. Company's undertaking:

The undertakings required under paragraphs (f) and (g) of Regulation 73(1) of Chapter VII of the ICDR Regulations will not be applicable to the Company as the Company's Equity Shares have been listed on the Stock Exchanges for a period exceeding the minimum period as specified under Regulation 76(2) of the ICDR Regulations.

8. Auditors' Certificate:

M/s. G. M. Kapadia and Co., Chartered Accountants, the statutory auditors of the Company have certified that the Preferential Allotment is being made in accordance with the requirements contained in Chapter VII of the ICDR Regulations. A copy of this certificate shall be placed before the shareholders' at the annual general meeting and the same will also be made available for inspection at the registered office of the Company on all working days except public holidays during the hours between 11.00 a.m. to 1.00 p.m. up to the date of the ensuing Annual General Meeting, and will also be available for inspection at the Annual General Meeting.

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

9. Relevant Date and Issue Price:

The Equity Shares proposed to be issued to the Allottees pursuant to the Preferential Allotment will be issued and allotted at a price not less than the higher of the following in terms of Regulation 76 of the ICDR Regulations:

- (a) the average of the weekly high and low of the closing price of the Equity Shares of the Company quoted on the BSE Limited during the 26 (twenty-six) weeks preceding the Relevant Date (as defined below); or
- (b) the average of the weekly high and low of the closing price of the Equity Shares of the Company quoted on the BSE Limited during the 2 (two) weeks preceding the Relevant Date (as defined below).

Explanation: The relevant date for the Preferential Allotment, as per Chapter VII of the ICDR Regulations, as amended up to date, for the determination of the applicable price shall be 11th August 2014 (**Relevant Date**).

Accordingly, the issue price of Rs. 11/- (Rupees Eleven only) per Equity Share at which the Equity Shares are proposed to be issued and allotted to the Allottees is higher than the minimum issue price determined in accordance with Regulation 76 of the ICDR Regulations.

10. Miscellaneous

- (a) The Company is in compliance with the conditions for continuous listing of equity shares as specified in the Listing Agreement with the Stock Exchange;
- (b) The Company has obtained the Permanent Account Number of the Allottee;
- (c) The Allottee have not sold Equity Shares of the Company during the 6 (six) months preceding the Relevant Date, i.e. 11th August 2014;
- (d) The entire pre-Preferential Allotment shareholding of the Allottee, if any, in the Company shall be locked-in from the Relevant Date, i.e. 11th August 2014, up to a period of 6 (six) months from the date of trading approval;
- (e) The Equity Shares to be allotted to the Allottee pursuant to the Preferential Allotment shall be locked-in for a period of 3 (Three) year from the receipt of the trading approval for the relevant Equity Shares received from the Stock Exchange; and
- (f) All the Equity Shares, if any, held by the Allottee in the Company prior to the Preferential Allotment are in dematerialized form.

None of the Directors of the Company are in any way, concerned or interested in the resolution.

BY ORDER OF THE BOARD

Samson Jesudas
Managing Director

Place: Mumbai

Date: August 11, 2014

DIRECTORS' REPORT

Dear Members,

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

Financial Highlights

The Financial Results of the Company for the year ended March 31, 2014 are given below:

(Rs. In Lacs)

Particulars	Consolidated		Standalone	
	2013-14	2012-13	2013-14	2012-13
Operating & Other Income	1638.33	1831.62	1548.22	1747.44
Earnings before interest, depreciation, amortization & taxes	(261.99)	(39.65)	(253.29)	(37.68)
Interest	3.09	3.46	3.09	3.28
Depreciation & Amortization	108.96	106.90	78.13	76.04
Prior period adjustments & Exceptional Items	0.87	(16.27)	0.87	(16.15)
Minority Interest	19.42	16.16	-	-
Excess/Short provision for taxation in earlier years	-	(11.50)	-	(11.51)
Provision for Taxation Current Tax & Deferred Tax	3.85	(5.25)	(3.85)	(5.25)
Net Profit / Loss	(385.55)	(110.83)	(365.42)	(94.09)

Business Operations

During the year under review, the total income of your Company decreased to Rs. 1548.22 Lacs as compared to last year's income of Rs. 1747.44 Lacs on standalone basis. During the year under review the Company incurred a net loss of Rs. 365.42 Lacs on standalone basis due to steep increase in operating expenses mainly on account of pay channel cost during the year. The company is adhering to its policy of focused growth and as a result of which the total subscription income vis-a-vis the gross operating profit of the company had increased.

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Consolidated Financial Statements

Pursuant to Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS – 23 on the Accounting for Investments in Associates and Accounting Standard AS – 27 on Accounting on Joint Ventures, issued by The Institute of Chartered Accountants of India, the Audited Consolidated Financial Statements are provided in this Annual Report.

Dividend

In view of the conservative approach, your Directors express their inability to declare any dividend for the year under review. Several measures are being taken towards increasing the revenue and cost control and more particularly to reduce the administration and other costs and to improve the profitability.

Business Prospects & Management Discussion and Analysis Report

During the year under review, your Company has undertaken various steps to expand its Cable TV and Internet Service Provide (ISP) business. One of the step is the successful implementation of Digital Addressable System (DAS) as notified by Telecom Regulatory Authority of India (TRAI). The primary means for distributing television services in a predominantly urban landscape will be cable. Digitalization, that was mandated by the Cable Television Network Regulation (Amendment) Act, 2011, contemplates a phased roll out of DAS commencing November 2012 through to December 2014.

Your Company has successfully implemented the DAS plan, and has also undertaken to expand ISP business.

The performance of your Company covering various aspects of the business operations for the year ended March 31, 2014 and prospects for the Company's business in the future has been dealt with at length in a separate section titled "Management Discussion and Analysis Report" forming part of the Corporate Governance Report.

Corporate Governance

As stipulated by Clause 49 of the Listing Agreement, a report on Corporate Governance is given herewith and forms part of this report. A Certificate from M/s. Rathi & Associates, Company Secretaries, regarding compliance of the conditions of Corporate Governance as required under the aforesaid Clause, also forms part of this report.

Personnel

There are no employees who are falling within the ambit of the provision of Section 217(2A) of the Companies Act, 1956, who are drawing a remuneration of Rs.5,00,000/- per month, if employed for part of the year or Rs.60,00,000/- per annum if employed throughout the year.

Directors

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Kuldeep Puri, Director would retire by rotation at the ensuing Annual General Meeting. Being eligible, Mr. Kuldeep Puri has offered himself for reappointment.

Pursuant to provisions of Section 149, Section 150, and Section 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013, Mr. Dilip Worah, Mr. L.K. Kannan and Mr. Hetal Thakore are proposed to be appointed as Independent Directors to hold office upto 09th September 2019 and their term of appointment will not be liable to retirement by rotation.

A brief profile of the aforesaid Directors seeking appointment/reappointment at the ensuing Annual General Meeting forms part of this Directors' Report.

To enable the Company to obtain their continued valuable direction, guidance and assistance in the conduct of the affairs of your Company, the Board recommends their reappointment.

Mr. Jagdishkumar G. Pillai tendered his resignation with effect from 11th March, 2014. Mr. Samson Jesudas was appointed as Joint Managing Director of the Company with effect from 12th March, 2014. The term of Mr. Kuldeep Puri as Managing Director of the Company came to an end on 31st May, 2014 and he has been designated as Non Independent Non Executive Director on the Board of Company.

Fixed Deposits

The Company has not accepted any deposits during the year, within the meaning of Section 58A of the Companies Act 1956 and rules made thereunder.

Subsidiary Companies

Pursuant to the Circular No. 51/12/2007- CL-III dated February 8, 2011, the Board of Directors of the Company have consented in their meeting held on August 11, 2014 that the Company will not attach the balance sheet of the subsidiary companies and has complied with the conditions stated in the afore-stated circular. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the registered office of the Company and that of the respective subsidiary companies. The consolidated financial statements presented by the Company include financial results of its subsidiary companies.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Considering the nature of operations of the Company, your Directors have nothing to state as regards the requirement of disclosures in terms of Section 217(1) (e) of the Companies Act, 1956, pertaining to the conservation of energy and technology absorption.

During the period under review, your Company has neither earned any foreign exchange earning nor incurred any expenses in the foreign exchange.

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Directors' Responsibilities Statement

Your Directors in compliance with Section 217(2AA) of the Companies Act, 1956 confirms that in the preparation of the Annual Accounts for the year ended March 31, 2014:

- (a) the applicable Accounting Standards has been followed along with proper explanation relating to material departures, if any;
- (b) the Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2014 and of the profit/loss of the Company for the year;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Annual Accounts of the Company has been prepared on a going concern basis.

Auditors

M/s. G. M. Kapadia & Co, Chartered Accountants who have been appointed as the Statutory Auditors of the Company at the last Annual General Meeting, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommends their re-appointment.

Comments on Auditors' Report

In relation to the matters dealt with by the Auditors in the Audit Report we state with respect to the observation in annexure (i) (b) regarding physical verification of distribution equipments, your directors clarify that these will be physically verified. In respect of the Cable TV and Internet Access Devices, the Company has reconciled the book stock with physical stock and there was no significant difference, which though not dealt with in the books of accounts does not have any material impact. In respect of the internal control relating to revenue recognition, the Company is taking due steps in this regards.

Acknowledgements

Your Directors takes this opportunity to place on record a sincere appreciation and thanks to its stakeholders including subscribers, shareholders, bankers and employees for their excellent and valuable contribution and support towards progress of the organisation.

FOR AND ON BEHALF OF THE BOARD

Place: Mumbai

Dated: August 11, 2014

Chairman

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

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 maximizing long-term shareholders' value. Corporate Governance is beyond the realm of law. It stems from the management's mindset and cannot be regulated by legislation alone.

The Company continues to focus on good Corporate Governance, in line with local and global standards. Its primary objective is to create and adhere to a corporate culture of conscience and consciousness, integrity, transparency and accountability for efficient and ethical conduct of business for meeting its obligations towards shareholders and other stakeholders.

Corporate Governance is an integral part of the philosophy of the Company in its pursuit of excellence, growth and value creation. In addition to complying with the statutory requirements, effective governance systems and practices towards improving transparency, disclosures, internal controls and promotion of ethics at work place have been institutionalized. The Company recognizes that good governance is a continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all its stakeholders.

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges in India, the report containing the details of governance systems and processes at Hathway Bhawani Cabletel & Datacom Limited is as under:

2. Board of Directors

a) Composition of the Board of Directors

The Board of Directors ("Board") of the Company has an optimum combination of Executive, Non-Executive and independent Directors, who have in depth knowledge of business, in addition to the expertise in their areas of specialization. The Board provides leadership, strategic guidance and an independent view to the Company's management. The Board comprises of One Executive Director and Five Non-Executive Directors out of which three directors are Independent Directors. The composition of the Board and other relevant details relating to Directors are given below:

Name of the Directors	Relation ship with other Directors	Designation	Category of Directorship	No. of Other Directorships ¹	No. of Other Committee Memberships ²	
					Chairman	Member
Mr. Jagdish Kumar G. Pillai ³	None	Chairman	Non-Executive & Non Independent	1	1	-

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Mr. K. Jayaraman ⁴	None	Director	Non-Executive & Non Independent	1	Nil	-
Mr. Kuldeep Puri ⁵	None	Managing Director	Executive & Non Independent	-	Nil	Nil
Mr. Milind Karnik	None	Director	Non-Executive & Non Independent	Nil	Nil	Nil
Mr. Dilip Worah	None	Director	Non-Executive & Independent	Nil	Nil	Nil
Mr. L. K. Kannan	None	Director	Non-Executive & Independent	Nil	Nil	Nil
Mr. Krishna Parolia ⁶	None	Director	Non-Executive & Independent	Nil	Nil	Nil
Mr. Hetal Thakore	None	Director	Non-Executive & Independent	1	Nil	Nil
Mr. Samson Jesudas ⁷	None	Managing Director	Executive	Nil	Nil	Nil

² Memberships of only Audit Committee and Shareholders' Grievance Committee have been considered.

³ Ceased to be a Director with effect from 11th March 2014.

⁴ Ceased to be a Director with effect from 28th May 2013.

⁵ Ceased to be Managing Director with effect from 31st May 2014.

⁶ Ceased to be a Director with effect from 28th May 2013.

⁷ Appointed as Managing Director with effect from 12th March 2014.

b) Re-appointment of Directors:

Pursuant to the provisions of Sections 152 of the Companies Act, 2013, Mr. Kuldeep Puri shall retire by rotation at the forthcoming Annual General Meeting.

As per the provisions of Section 149(4) of the Companies Act, 2013 it would be necessary to have atleast one third of the total number of directors as independent directors. The provisions of sub section 10 of the said Section further stipulates that an independent director shall hold office for a term up to five consecutive years on the Board of the Company and shall not be liable to retire by rotation. The Company has received the notice along with requisite deposit, from members of the Company pursuant to Section 152 of the Companies Act, 2013 proposing the candidature of Mr. Dilip Worah, Mr. L.K. Kannan and Mr. Hetal Thakore for the office of Director, to be designated as Independent Directors of the Company.

The Board has recommended to the shareholders the appointment / re-appointment of the aforesaid directors retiring by rotation and Independent Directors, as in the opinion of the Board, they fulfill the conditions specified in this Act for holding of office of director / independent director. The detailed resume of the aforesaid proposed appointees who have offered themselves for appointment/re-appointment are provided in the explanatory statement annexed to the notice of the Annual General Meeting.

c) Board Meetings and Annual General Meeting:

During the financial year 2013-2014, Four (4) Board Meetings were held on May 28, 2013, August 13, 2013, November 12, 2013, and February 14, 2014. The last Annual General Meeting of the Company was held on 26th September, 2013. The details of attendance of Directors in Board Meetings and the last Annual General Meeting are as follows.

Name of the Director(s)	No. of Board Meetings Attended	Attendance at Last Annual General Meeting
Mr. Jagdish Kumar G. Pillai *	3	No
Mr. K. Jayaraman**	0	—
Mr. Kuldeep Puri	4	Yes
Mr. Milind Karnik	4	No
Mr. Dilip Worah	4	Yes
Mr. L. K. Kannan	4	Yes
Mr. Krishna Parolia**	0	No
Mr. Hetal Thakore	2	No
Mr. Samson Jesudas#	0	No

* Ceases to be a Director w.e.f. 11th March, 2014.

** Ceases to be a Director w.e.f. 28th May, 2013.

Appointed as Managing Director w.e.f. 12th March 2014.

d) Code of Conduct

The Board has laid down a code of conduct for all Board members and Senior Management of the Company.

The Company has obtained the confirmation of the Compliance with the Code from all its Board members and Senior Management Personnel. As required by Clause 49 of the Listing Agreement, the declaration on compliance of the Company's code of conduct signed by Managing Director forms a part of this Annual Report.

3. **Audit Committee**

a) Constitution of Audit Committee:

The Committee comprises of three Non-executive Directors, majority of whom are independent directors. All members of the Committee are financially literate. The Chairman of the Committee is a member of the Institute of Chartered Accountants of India.

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b) Composition of Audit Committee and Number of Meetings Attended:

During the financial year 2013-2014, four (4) Audit Committee Meetings were held on May 28, 2013, August 13, 2013, November 12, 2013, and February 14, 2014. The composition of the Audit Committee and the number of meetings attended by members of the audit committee are as under:

Committee Members Attending the Meeting	Designation	No. of Meetings Attended
Mr. Dilip Worah	Chairman	4
Mr. Milind Karnik	Member	4
Mr. L. K. Kannan	Member	4

c) Attendees:

The Audit Committee invites such of the board members and senior management team as it considers appropriate to be present at its meetings. The Statutory Auditors are also invited to these meetings.

d) The Terms of Reference of the Audit Committee:

The terms of reference of the Audit Committee as defined by the Board are as under:

- i) Hold discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.
- ii) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- iii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor.
- iv) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- v) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.

- (b) Changes, if any, in accounting policies and practices and reasons for the same.
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - (d) Significant adjustments made in the financial statements arising out of audit findings.
 - (e) Compliance with listing and other legal requirements relating to financial statements.
 - (f) Disclosure of any related party transactions.
 - (g) Qualifications in the draft audit report.
- vi) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
 - vii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 - viii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 - ix) Discussion with internal auditors on any significant findings and follow up there on.
 - x) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - xi) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - xii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
 - xiii) Review of information as prescribed under Clause 49 (II)(E) of the listing agreement.

4. Nomination & Remuneration Committee

a) Constitution of Nomination & Remuneration Committee:

The Remuneration Committee was renamed as Nomination and Remuneration Committee vide resolution passed by the Board of Directors of the Company on 26th May, 2014 in compliance with the provisions of the Companies Act, 2013.

The Nomination & Remuneration Committee comprises of four members. All the members are Non-Executive Directors of which three are Independent Directors and the Chairman is an Independent Director.

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- b) Composition of Nomination & Remuneration Committee and the number of meetings attended:

Committee Members Attending the Meeting	Designation
Mr. Dilip Worah	Chairman
Mr. L. K. Kannan	Member
Mr. Hetal Thakore	Member

No meeting of the Nomination & Remuneration Committee was held during the Financial Year 2013-2014.

- c) Terms of reference:

The Committee has the mandate to review and recommend compensation payable to the Executive Directors and Senior Management of the Company. It shall also administer the Company's Stock Option plans, if any, including the review and grant of the stock options to eligible employees under plans. The Committee may review the performance of the Executive Directors, if any and for the said purpose may lay down requisite parameters for each of the executive directors at the beginning of the year.

- d) Remuneration Policy:

- i) Management Staff:

Remuneration of employees largely consists of basic remuneration and perquisites. The components of the total remuneration vary for different grades and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by him, his individual performance, etc.

- ii) Directors:

The Company pays sitting fees to Directors of the Company. The sitting fees paid is within the limits prescribed under the erstwhile Companies Act, 1956.

Name of the Director	Sitting Fees Paid (Amt. in Rs.)
Mr. Dilip Worah	36,000/-
Mr. L. K. Kannan	32,000/-
Mr. Milind Karnik	36,000/-
Mr. Kuldeep Puri	20,000/-
Mr. Jagdishkumar G. Pillai	15,000/-
Mr. Hetal Thakore	10,000/-
Total	149,000/-

Shareholding of the Non-executive Directors as on 31st March 2014:

Sr. No.	Name of the Director	No. of Shares held
1	Mr. Jagdish Kumar G. Pillai	Nil
2	Mr. Milind Karnik	66985
3	Mr. Dilip Worah	Nil
4	Mr. L. K. Kannan	Nil
5	Mr. Hetal Thakore	Nil
6	Mr. Samson Jesudas	Nil

iii) Executive Director:

Mr. Kuldeep Puri ceased to be a Managing Director of the Company w.e.f. on 31st May 2014. However he continues to be the Director of the Company.

Details of remuneration paid to the Executive Director during Financial Year 2013-2014 is given below:

Name of the Executive Director	Designation	Salary & Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. Kuldeep Puri	Managing Director	1,440,000/-	Nil	1,440,000/-
Mr. Samson Jesudas	Managing Director	Nil	Nil	Nil

5. Stakeholders' Relationship Committee:

a) Constitution and Composition of Stakeholders' Relationship Committee:

The Shareholders' Grievance Committee was renamed as Stakeholders' Relationship Committee vide resolution passed by the Board of Directors of the Company on 26th May, 2014 in compliance with the provisions of the Companies Act, 2013.

The Shareholders' Grievance Committee has been constituted to look into investor's complaints like transfer of shares, non-receipt of declared dividends, etc. and to take necessary steps for redressal thereof. The Committee is a Board level committee under the Chairmanship of Mr. Milind Karnik, a Non-Executive Director. No meeting of Shareholders' Grievance Committee was held during the financial year 2013-2014.

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The present composition of the Shareholders' Grievance Committee is as under:

Name of Director	Designation	No. of Meetings Attended
Mr. Milind Karnik	Chairman	N.A
Mr. Samson Jesudas	Member	N.A

- b) Mr. Samson Jesudas, Managing Director, is the Compliance officer of the Company.
- c) During the year 2013-2014, the Company has not received any investor complaints. There were no complaints pending as at end of the year.

Received from	Received During 2013-14	Redressed during 2013-14	Pending as on 31.03.2014
SEBI	0	0	0
BSE	0	0	0
NSDL/CDSL	0	0	0
Direct from Investors	0	0	0
Total	0	0	0

- d) Share Transfers in Physical Mode:

Shares sent for physical transfer are generally registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects. The Stakeholders' Relationship Committee of the Company meets as often as required. There were no physical transfers during the year under review.

6. General Body Meetings

- i) Location, time and date of holding of the last three Annual General Meetings (AGM) are given below:

Year	Date	Venue	Time
2010-2011	30.09.2011	Sanjona Complex, 3 rd Floor, Hemu Kalani Marg, Plot 11-A, Sindhi Society, Chembur, Mumbai – 400071	4:00 p.m.
2011-2012	28.09.2012	Sanjona Complex, 3 rd Floor, Hemu Kalani Marg, Plot 11-A, Sindhi Society, Chembur, Mumbai – 400071	4:00 p.m.
2012-2013	26.09.2013	Sanjona Complex, 3 rd Floor, Hemu Kalani Marg, Plot 11-A, Sindhi Society, Chembur, Mumbai – 400071	4.00p.m

- ii) Particulars of Special Resolutions passed in the previous three Annual General Meetings.

Financial Year	Particulars of Special Resolution passed
2010-2011	Nil
2011-2012	Amendment in Articles of Association of the Company
2012-2013	Nil

During last three Financial Years, the Company did not hold any Extra-Ordinary General Meeting.

- iii) Postal Ballot:

The Board of Directors vide Circular resolution dated March 13, 2014 approved the appointment of Mr. Samson Jesudas as Joint Managing Director of the Company. Accordingly, the company through Postal Ballot have received the approval from the shareholders by special resolution. The results of the said Postal Ballot have been declared by the Company on 25th April 2014.

7. Means of Communication

- (i) The quarterly results of the Company are generally published in *Aapla Mahanagar (Marathi Newspaper)* and *Business Standard (English Newspaper)*. The Company proposes that all quarterly, half-yearly and full year financial results be published at least in 2 newspapers. The quarterly results are further submitted to BSE Limited immediately after the conclusion of the respective meetings.
- (ii) No presentations were made to institutional investors or to the analysts during the year under review.
- (iii) The Management Discussion and Analysis Report forms part of this Annual Report.

8. General Shareholder Information

- a. *Date, time and venue of Annual General Meeting of Shareholders* September 10, 2014 at 3:00 p.m. at Ground Floor, Windsor, Off CST Road, Kalina, Santacruz East, Mumbai 400098.
- b. *Dates of book closures* 08th September, 2014 to 10th September 2014 (Both days inclusive)
- c. *Dividend Payment* The Board of Directors of the Company has not recommended any dividend for the financial year ended 31st March, 2014.
- d. *Financial Calendar* The Company follows April-March as its financial year. The results for every quarter beginning from April are declared in the month following the quarter as per the listing agreement.
- e. *Listing on stock exchanges* BSE Limited

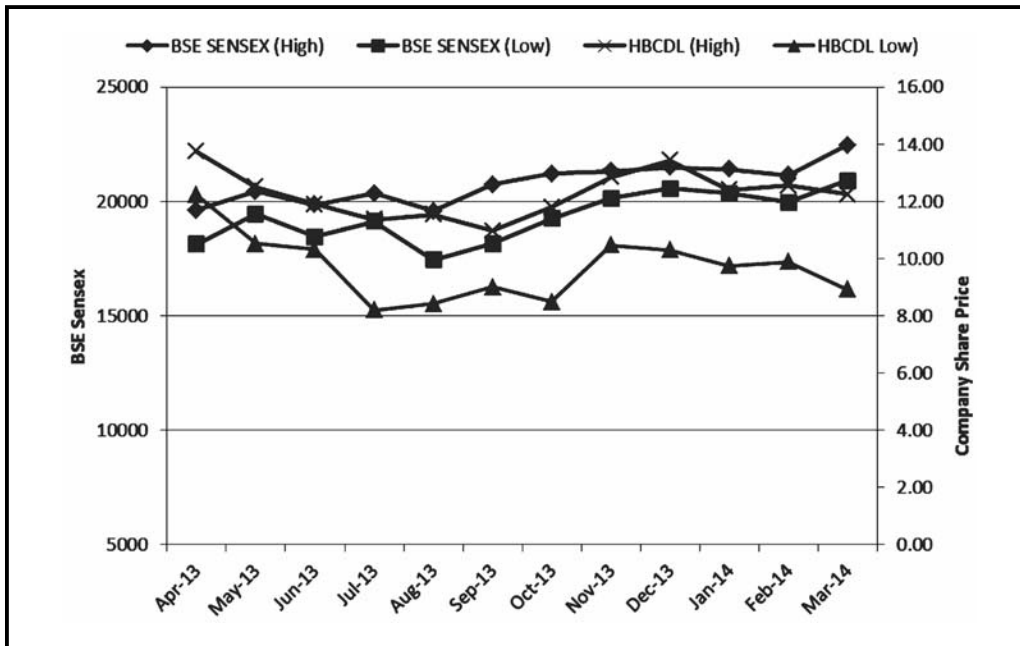
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- f. *Listing fees* Paid to BSE Limited for the Financial Year 2014-2015.
- g. *Registered office* "Rahejas", 4th Floor, Corner of Main Avenue & V.P. Road, Santacruz (West), Mumbai- 400 054. Tel: (022) 26001306 Fax: (022) 26001307
- h. *Registrar and Share Transfer agents* **Bigshare Services Private Ltd.**E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai – 400 072Tel.: (022) 28470652/28470653 Fax: (022) 28525207 Email: bigshare@bom7.vsnl.net.in
- i. *Share Transfer System* Shares sent for physical transfer are generally registered and returned within a period of 15days from the date of receipt, if the documents are clear in all respects. The Stakeholders' Relationship Committee of the Company meets as often as required.
- J. *Plant Locations* The Company does not have any manufacturing activities.
- k. *Disclosures regarding appointment or-reappointment of Directors:* Pursuant to provisions of Sections 152 of the Companies Act, 2013, Mr. Kuldeep Puri retire by rotation in the forthcoming general Annual General Meeting. Mr. Dilip Worah, Mr. L.K.Kannan and Mr. Hetal Thakore are holding the office of directors categorized as Independent Directors of the Company. As per the provisions of Section 149(10) of the Companies Act, 2013, an independent director shall hold office for a term up to five consecutive years on the Board of the Company and shall not be liable to retire by rotation. Hence, resolutions for appointment of all the four independent directors are placed in the Notice of Annual General Meeting for seeking approval of members. The detailed resume of the Directors proposed to be re-appointed is provided in the Notice of the Annual General Meeting. The Board has recommended the re-appointment of the said Directors to the Shareholders.
- j. *Stock Market price data*
Monthly high and low at BSE Limited, for financial year ended March 31, 2014:

Monthly High-Low Share Price/BSE SENSEX

Month	BSE SENSEX (High)	BSE SENSEX (Low)	HBCDL High (Rs.)	HBCDL Low (Rs.)
Apr-13	19622.68	18144.22	13.75	12.23
May-13	20443.62	19451.26	12.50	10.52
Jun-13	19860.19	18467.16	11.90	10.32
Jul-13	20351.06	19126.82	11.37	8.20
Aug-13	19569.2	17448.71	11.55	8.42
Sep-13	20739.69	18166.17	10.98	9.01
Oct-13	21205.44	19264.72	11.80	8.50
Nov-13	21321.53	20137.67	12.85	10.48
Dec-13	21483.74	20568.7	13.44	10.30
Jan-14	21409.66	20343.78	12.40	9.75
Feb-14	21140.51	19963.12	12.55	9.89
Mar-14	22467.21	20920.98	12.25	8.92

Monthly High-Low Share Price/BSE SENSEX



HATHWAY BHAWANI CABLETEL & DATACOM LIMITEDk. a) *Distribution of Shareholding as on March 31, 2014:*

Range in Rupees	No. of Shareholders	% of Shareholders	Amount (in Rs.)	% of Total
1 - 5000	1205	65.88	24,09,190	3.01
5001 - 10000	270	14.76	24,47,760	3.05
10001 - 20000	135	7.38	22,45,660	2.80
20001 - 30000	59	3.23	15,10,000	1.89
30001 - 40000	33	1.80	11,97,260	1.50
40001 - 50000	27	1.48	13,16,000	1.64
50001 - 100000	54	2.95	39,58,240	4.95
100001 & above	46	2.52	6,49,15,890	81.15
Total	1,829	100.00	8,00,00,000	100.00

b) *Category wise Distribution Schedule as on March 31, 2014*

Sr. No.	Category	No. of Shares held	%
1.	Promoter and Promoter Group	50,87,356	63.60
2.	Private Bodies Corporate	2,44,207	3.05
3.	Indian Public	26,64,227	33.30
4.	NRIs/OCBs	3,210	0.04
5.	Clearing Members	1,000	0.01
	Total	80,00,000	100.00

l. *Dematerialisation of shares and liquidity*

- m. The Company has established required connectivity with Central Depository Services (India) Limited and National Securities Depository Limited and the same are available in electronic segment under ISIN No. INE 525B01016. As on 31st March 2014, 78,64,229 Equity Shares representing 98.30% had been dematerialized. The Company has no outstanding GDR's/ADR's/Warrants or any convertible instruments pending conversion or any other instrument likely to impact the Equity Share Capital of the Company.

n. *Address for correspondence*
For general Correspondence

“Rahejas”, 4th Floor, Corner of Main Avenue & V.P. Road, Santacruz (West), Mumbai – 400 054.
Tel: (022) 26001306 Fax: (022) 26001307

For matters related to Share transfers Dematerialisation, etc.

Bigshare Services Private Ltd.
E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai – 400 072 Tel.: (022) 28470652/28470653 Fax: (022) 28525207 Email: bigshare@bom7.vsnl.net.in

o *Stock Exchange Code:- 509073*

p *Details as per clause 5A of Listing Agreement*

Unclaimed Shares as on 1st April, 2013		Details of Shareholders approached during the FY 2013-14 for the claiming of shares		Details of Shareholders to whom the shares have been transferred during the FY 2013-14		Unclaimed Shares as on 31st March, 2014	
No. of share holders	No. of Shares	No. of share holders	No. of Shares	No. of share holders	No. of Shares	No. of share holders	No. of Shares
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

9. Other Disclosures

a. **Related Party Transactions:**

The Company has arrangement with Hathway Cable & Datacom Limited, for revenue sharing for its Internet through Cable Division. The Company also had transactions with Hathway Cable & Datacom Limited for advertisement revenue, purchase of assets and purchase of Set-Top-Boxes. The details of related party transactions are given in Notes to Accounts. The transactions with other related parties are as per the table given below.

Sr. No.	Name	Nature of Relationship	Amount (in Rs)	Nature of Payment
1.	Mr. Kuldeep Puri	Managing Director– Key Management Personnel	1,440,000/-	Salary, Perquisites & Reimbursements
2.	Mr. Kulbhushan Puri as Karta of M/s Kulbhushan Puri HUF	Relative of Managing Director	15,00,000/-	Consultancy fees & Reimbursements

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

Except as stated above, there were no related party transactions for the year ended March 31, 2014, which have potential conflict with the interests of the Company at large.

c. Compliance by the Company:

The Company has complied with the requirements of regulatory authorities on capital markets and no penalty / stricture was imposed on the Company during the last three years.

d. Compliance with the Mandatory requirements and implementation of the Non-Mandatory Requirements:

The Company has complied with the mandatory requirements of the Corporate Governance Clause of Listing Agreement. The Company has not implemented the non-mandatory requirements enlisted by way of annexure to Clause 49 of the listing agreement excepting the constitution of Nomination & Remuneration Committee.

e. The Company has not implemented the Whistle Blower Policy which is a non-mandatory requirement under the code of the Corporate Governance

10. CEO/CFO Certification:

As required under Section V of Clause 49 of the Listing Agreement with the Stock Exchanges, the Managing Director and Chief Financial Officer of the Company have certified to the Board regarding their review on the Financial Statements, Cash Flow Statements and other matters related to internal controls in the prescribed format for the year ended March 31, 2014.

11. Request to investors:

- a) Investors are requested to communicate change of address, if any, directly to the share transfer agent of the Company at the above address.
- b) The shareholders are requested to dematerialize their physical share certificates, through a depository participant. Shareholders requiring any further clarification / assistance on the subject may contact the Company's share transfer agent.
- c) Investors who have not availed nomination facility are requested to avail the same by submitting the nomination form. The form will be made available on request.
- d) Investors holding shares in electronic form are requested to deal only with their depository participant in respect of change of address, nomination facility and furnishing bank account number etc.
- e) Ministry of Corporate Affairs (MCA) vide Circular bearing Nos. 17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011 respectively has taken steps towards "Green Initiative", by allowing paperless compliances by serving documents through electronic mode (e-mail) by companies to its shareholders. As an enlightened corporate citizen, going forward we propose to send all future shareholders' communications like Notices, Company's Annual

Report etc. through electronic mode. This will also ensure prompt receipt of communication; avoid loss in postal transit and saving of huge cost incurred in printing and postage.

In support to the "Green Initiative" introduced by MCA, your Company desires to participate in the same. We therefore request you to kindly provide your e-mail address to our Registrar, Bigshare Services Private Limited.

The Shareholders who still hold the shares in the physical mode are requested to convert their respective holding in Dematerialization form and get their e-mail registered with the Company / Registrar & Share Transfer Agent to enable your Company to actively participate in the said Green Initiative.

CODE OF CONDUCT DECLARATION

Pursuant to Clause 49 I (D) of the Listing Agreement entered into with the Stock Exchange, I hereby declare that the Company has obtained affirmative compliance with the code of conduct from all the Board members and senior management personnel of the Company.

Samson Jesudas
Managing Director

Place: Mumbai

Date: August 11, 2014

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

To
The Members of
HATHWAY BHAWANI CABLETEL AND DATACOM LIMITED

Corporate Governance Certificate

We have examined the compliance of conditions of Corporate Governance by **HATHWAY BHAWANI CABLETEL AND DATACOM LIMITED** ("Company") for the financial year ended 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

We have conducted our examination on the basis of the relevant records and documents maintained by the Company and furnished to us for the purpose of the review and the information and explanations given to us by the Company during the course of such review.

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 the 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, we certify that the Company has in all material respect complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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 RATHI & ASSOCIATES,
COMPANYSECRETARIES**

**Date: 11th August, 2014
Place: Mumbai**

**HIMANSHU KAMDAR
Partner
FCS No. 5171
C.P. No.3030**

MANAGEMENT DISCUSSION & ANALYSIS REPORT

OVERALL REVIEW

India is one of the fastest growing and largest television markets in the world. The increasing rate of urbanization, penetration of television with the help of technology and the rising levels of income of people of India have facilitated the growth of this Industry. The Company was also successful in its dedicated and result oriented efforts to maintain its market share and income from operations as in last year.

CATV is well penetrated, particularly in urban regions. Media Partners Asia (MPA) 2013 estimates, that the total universe of TV Households in India will grow to 205 Million in 2020. Cable will continue to be a significant proportion of this universe and is expected to grow from 97 Million TVHH in 2012 to 106 Million TVHH in 2020. While the growth of the cable universe is modest, the real opportunity lies in the implementation of mandatory Digital Addressable Systems (DAS) consequent to the enactment of the Cable Television Networks (Regulation) Amendment Act, 2011.

OPPORTUNITIES, THREATS AND BUSINESS OUTLOOK

Renewed economic dynamism and multi-platform competition have paced the usage of pay-TV and broadband in Asia Pacific. Now home networks are bringing content to a new range of devices, including mobile devices and digital video recorders (DVRs), as well as to multiple TV sets. With the rise of Direct to Home (DTH) operators, HITS and IPTV in the Indian Market, satellite TV is having major impact on their market share. In view of the above, your Company has already digitalise the total network as per TRAI regulation by installing 100% Set Top Box (STB's) and is doing well in countering the threat of DTH through STB's.

Our early focus has been on digitally enabling our universe of subscribers in the Phase I and Phase II cities that we serve. This has involved partnering with our Local Cable Operators / Distributors in adequately seeding Set Top Boxes (STBs), establishing back end infrastructure such as Digital Head-ends, Subscriber Management Systems (SMS), Conditional Access Systems (CAS) and Customer Contact Centers that are commensurate with the scaling up of operations.

RISKS AND CONCERNS

Looking at the competition in the DTH space and the rapid technological changes in the industry, your Company may be required to constantly upgrade its infrastructure, which will entail substantial capital expenditure. Further, the Government may regulate the CATV rates.

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

However, the Company is fully geared up to take on any technological change in the industry. The Company is taking various steps for reducing operating cost and other expenses by:

- a) Improving efficiency through innovative solutions
- b) Curtailing overheads by exercising strict control and regular review mechanism.
- c) Stringent control procedures for fast recoveries.
- d) Retiring off expensive loans.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has proper and adequate internal control system under which management reports on key performance indicators and variance analysis are made. Regular Management committee meetings are held where these reports and variance analysis are discussed and action plan initiated with proper follow up. Operational Reports are tabled at Board Meetings after being discussed in Audit Committee meetings.

SEGMENT-WISE OR PRODUCT WISE PERFORMANCE

The Company operates in a single segment viz. CATV. The reason being CATV & ISP services are provided by using same, common infrastructure. CATV Business comprises of receiving, distributing and transmitting satellite channel programs and ISP Business comprises providing internet services through Cable. Considering the recent business developments and changes that have taken place over the years concerning returns and risks involved in these two activities, the entire business has been considered as one primary segment as per the provisions of Accounting Standard 17. The Company operates within the geographical limits of India and accordingly secondary segments have not been considered.

HUMAN RESOURCES

An Orientation has been given to the personnel policy with emphasis on performance. Employee strength was increased at various levels with reallocation of responsibilities for better utilization of resources.

Measures are continuing to facilitate higher levels of output and productivity. Managerial Effectiveness is being improved by appropriate development and training programs, better co-ordination and improvement in communications.

COMPANY'S FINANCIAL PERFORMANCE AND ANALYSIS

(Rs. In Lacs)

Particulars	Year 2013-14		Year 2012-13	
	Amount	% of Total Income	Amount	% of Total Income
INCOME				
Income from Operations	1537.53	99.31	1739.39	99.54
Other Income	10.69	0.69	8.06	0.46
TOTAL	1548.22	100.00	1576.60	100.00
EXPENDITURE				
Operational Expenses	1287.58	83.16	1372.99	78.57
Staff Cost	183.12	11.83	172.70	9.88
Other Expenses	330.12	21.37	239.43	13.70
Finance Charges	3.09	0.20	3.28	0.19
Depreciation / Amortization	78.13	5.04	76.05	4.35
TOTAL	1882.72	121.60	1864.45	106.70
Profit / (Loss) Before Taxation and Exceptional Items	(334.50)	(21.60)	(117.00)	(6.70)
Provision for Diminution of Investments	0	0	0	0
Exceptional Items	33.98	2.20	10.00	0.57
Profit / (Loss) Before Taxation	(368.48)	(23.80)	(127.00)	(7.27)
Provision for taxation				
Deferred Tax	3.85	0.25	5.26	0.30
Income Tax(MAT)	0	0	0	0
Profit / (Loss) After taxation	(364.63)	(23.55)	(121.74)	(6.97)

CAUTIONARY STATEMENT

The Statement in the Management Discussion and Analysis report can not be construed as holding out any forecasts, projections, expectations, invitations, offers etc. within the meeting of applicable securities, laws and regulations. This Report basically seeks to furnish information, as laid down within the different headings to meet the listing agreement requirements.

INDEPENDENT AUDITOR'S REPORT

To the Members of Hathway Bhawani Cabletel and Datacom Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Hathway Bhawani Cabletel and Datacom Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

- b) In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to:

Note no. 4.10 to the accounts relating to basis of recognition of income. In view of the prevailing circumstances, as explained in the said note, the Company has estimated its income from its networks located in these cities.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order

As required by section 227(3) of the Act, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
- e) On the basis of written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No. 104767W

Place: Mumbai
Dated: May 26 , 2014

(Viren Thakkar)
Partner
Membership No. 49417

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in Paragraph 1 under "other legal and regulatory requirements"
of our report of even date)

- (i) (a) The Company has maintained records of fixed assets, other than distribution equipments, showing particulars of assets, including quantitative details and location, except the following:-
- *location-wise particulars of some of the Distribution Equipments like cabling and other line equipments. As explained to us, nature of such assets is such that maintaining location-wise particulars is impractical; and*
 - *location-wise particulars of Access Devices with the subscribers.*
- (b) According to the information and explanations given to us, fixed assets, other than distribution equipments including Cable TV/ Internet Access Devices with the subscribers, were physically verified during the year as per the programme of verification which, in our opinion, is reasonable. Material discrepancies arising on such physical verification have been properly dealt within the books of accounts. *However, in absence of physical verification for distribution equipments and access devices, discrepancies have not been ascertained and not dealt within the books of accounts.*
- (c) During the year, Company has not disposed off any substantial/major part of fixed assets.
- (ii) (a) As explained to us, inventories have been physically verified during the year by the management.
- (b) The procedures of physical verification, in our opinion, are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company is maintaining proper records of inventory. No discrepancies were noticed on verification between the physical stocks and the book records.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured to and from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the sub-clauses (a) to (g) of the clause 4 (iii) of the Order are not applicable
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system with regards to purchase of inventory and fixed assets and for the sale of goods and services. The management is in process of further strengthening the internal controls over documentation in certain areas so as to make it commensurate with the size of the Company and the nature of its business. During the course of our audit, we have not observed any other area of continuing failure to correct major weakness in internal controls *except internal controls relating to revenue recognition to the extent it relates to identification/ registration of ultimate subscribers.*

- (v) (a) On perusal of the information available with the Company and based on explanations given to us, there have been no contracts or arrangements referred to in section 301 of the Act for the year that needs to be entered into the register maintained under that section.
- (b) In our opinion and according to the information and explanation given to us, during the year there have been no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act and exceeding Rs. Five lakhs. Hence the question of whether such transactions have been made at prices which are reasonable having regard to prevailing market prices at the relevant time does not arise.
- (vi) In our opinion and according to the information and explanation given to us, the Company has not accepted deposits from the public and therefore, the provisions contained in sections 58A, 58AA or any other relevant provisions of the Act and Rules framed there under are not applicable to the Company. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) The Company has an internal audit system. However there is scope for increasing the coverage so as to commensurate with the size and nature of its business.
- (viii) The Central Government has prescribed maintenance of cost records under section 209(1)(d) of the Act in respect of certain service activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained subject to our comments as stated above. We have not, however, made a detailed examination of the same.
- (ix) (a) Based on the records produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues such as Provident Fund, investor education and protection fund, employees state insurance, income Tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues wherever applicable. According to the information and explanations given to us, there are no arrears of undisputed statutory dues outstanding for a period of more than six months from the date on which they become payable.
- (b) According to the information and explanation given to us, there are no dues payable by the Company on account of any dispute in case of income tax, wealth tax, sales tax, custom duty, service tax, excise duty and cess as on 31st March 2014. Hence the question of depositing such dues on account of any dispute does not arise.
- (x) The accumulated losses at the end of the financial year are not in excess of fifty percent of Net Worth of the Company. The Company has neither incurred cash losses during the financial year covered by our audit nor in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanation given to us, the Company has not defaulted in the payment of dues to financial institution or bank or debenture holders.

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

- (xii) In our opinion and according to the information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi /mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) According to the information and explanations given to us the Company is not dealing or trading in shares, securities, debentures and other investments. All shares, debentures and other investments have been held by the Company in its own name except certain government securities which are held in the name of the officials of the Company.
- (xv) According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from a banks or financial institutions.
- (xvi) In our opinion, term loans taken during the year were applied for the purposes for which they were raised.
- (xvii) According to the information and explanations given to us and on overall examination of the Cash Flow Statement and Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year, hence the question of whether the price at which shares have been issued is prejudicial to the interest of the Company does not arise.
- (xix) The Company has not issued any secured debentures hence the question of whether securities or charge have been created does not arise.
- (xx) The Company has not raised any money by public issues during the year covered by our report.
- (xxi) Based upon the audit procedures performed and the information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No. 104767W

(Viren Thakkar)

Partner

Membership No. 49417

Place: Mumbai

Dated: May 26 , 2014

BALANCE SHEET AS AT MARCH 31, 2014

(Amount in Rupees)

	Note No.	As at March 31,	
		2014	2013
<u>EQUITY AND LIABILITIES</u>			
Shareholders Funds			
Share Capital	2.01	80,000,000	80,000,000
Reserves and Surplus	2.02	(62,497,316)	(25,955,317)
Non-Current Liabilities			
Long-Term Borrowings	2.03	359,315	661,917
Deferred Tax Liabilities	2.04	2,018,093	2,403,278
Long-Term Provisions	2.05	1,859,888	1,963,894
Current Liabilities			
Short-Term Borrowings	2.06	888,072	4,391,150
Trade Payables	2.07	66,648,321	43,087,558
Other Current Liabilities	2.08	37,494,097	22,913,437
Short-Term Provisions	2.05	187,254	158,269
		126,957,724	129,624,186
ASSETS			
Non-Current Assets			
Tangible Assets	2.09	37,511,980	38,834,297
Intangible Assets	2.10	7,514,968	8,893,909
Capital Work In Progress		623,712	1,012,359
Non-Current Investments	2.11	8,084,157	8,084,157
Trade Receivables	2.12	1,948,461	289,205
Long-Term Loans and Advances	2.13	14,595,971	12,296,802
Other Non-Current Assets	2.14	3,562,547	4,131,737
Current Assets			
Inventories	2.15	87,916	20,450
Trade Receivables	2.12	36,190,865	44,895,086
Cash and Bank Balances	2.16	2,922,629	1,813,485
Short-Term Loans and Advances	2.13	13,508,785	9,241,909
Other Current Assets	2.14	405,733	110,790
		126,957,724	129,624,186
Summary of Significant Accounting Policies			
Refer accompanying notes. These notes are integral part of the financial statements.			
As per our Report of even Date			
For G. M. Kapadia & Co.		For and on behalf of the Board	
Chartered Accountants			
(Viren Thakkar)	(Samson Jesudas)	(Milind Karnik)	
Partner	Managing Director	Director	
Place : Mumbai		Place : Mumbai	
Dated : May 26, 2014		Dated : May 26, 2014	

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(Amount in Rupees)

	Note No.	For the year ended on March31,	
		2014	2013
Continuing Operations			
INCOME			
Revenue from Operations	3.01	153,752,991	173,939,051
Other Income	3.02	1,068,677	805,817
		154,821,668	174,744,868
EXPENDITURE			
Purchase of Stock-In-Trade	3.03	490,465	10,009,025
Changes in Stock-In-Trade	3.04	(67,466)	926,449
Operational Expenses	3.05	128,334,763	126,363,701
Employee Benefits Expense	3.06	18,312,396	17,270,174
Other Expenses	3.07	33,080,178	23,943,430
		180,150,336	178,512,779
Earnings before Finance cost, Depreciation, Amortization and Tax		(25,328,668)	(3,767,911)
Depreciation and Amortization	3.08	7,812,579	7,604,350
Finance Cost	3.09	309,106	328,307
Profit / (Loss) before Prior Period Items, Exceptional items and Tax		(33,450,353)	(11,700,568)
Prior Period Adjustments (Net)	3.10	87,204	(1,615,137)
Exceptional Items			
Provision for Doubtful Advances		3,389,627	1,000,000
Net Profit / (Loss) before Tax		(36,927,184)	(11,085,431)
Tax Expenses:			
Deferred Tax		(385,185)	(525,651)
Excess/Short provision for taxation for earlier years		-	(1,150,592)
Net Profit / (Loss) for the Year from Total Operations		(36,541,999)	(9,409,188)
Earnings per equity share (nominal value of share Rs. 10 each) from Continuing and Total operation			
Weighted Average Number of Shares		8,000,000	8,000,000
Earning / (Loss) Per Share (In Rs.) - Basic & Diluted		(4.57)	(1.18)
Summary of Significant Accounting Policies	1.00		
Refer accompanying notes. These notes are integral part of the financial statements.			
As per our Report of even Date			
For G. M. Kapadia & Co.		For and on behalf of the Board	
Chartered Accountants			
(Viren Thakkar)	(Samson Jesudas)	(Milind Karnik)	
Partner	Managing Director	Director	
Place : Mumbai		Place : Mumbai	
Dated : May 26, 2014		Dated : May 26, 2014	

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(Amount in Rupees)

	2013-2014		2012-2013	
	Rupees	Rupees	Rupees	Rupees
1 CASH FLOW FROM OPERATING ACTIVITIES:				
NET PROFIT / (LOSS) BEFORE TAX , PRIOR PERIOD		(36,927,184)		(11,085,428)
ADJUSTEMENTS				
Depreciation \ Amortisation	7,812,579		7,604,347	
Provision for Bad Debts	11,750,000		4,100,000	
Provision for Doubtful Advances / Investements	3,389,627		1,000,000	
Assets Written off.	1,094,397		-	
Sundry Advances Written Off	9,361		-	
Sundry balance written back	(240,380)		-	
(Profit) / loss on sale of Fixed Assets net	251,024		44,325	
Interest Income	(394,308)		-	
Interest Expense	147,980		155,299	
		23,820,280		12,903,971
Operating Profit Before Change in Working Capital		(13,106,903)		1,818,543
Change in Working Capital				
(Increase) / Decrease in Inventories	(67,466)		885,548	
(Increase) / Decrease in Trade Receivable	(4,705,035)		(18,813,131)	
(Increase) / Decrease in Loans & Advances	(2,856,353)		(4,709,940)	
Increase / (Decrease) in Current Liabilities & Provisions	38,586,568		26,560,578	
		30,957,715		3,923,055
Cash Generated from Operations		17,850,811		5,741,598
Taxes Paid (Net)		(7,184,636)		(3,331,457)
Net Cash flow from / (used in) Operating activity		10,666,175		2,410,141
2 CASH FLOW FROM INVESTING ACTIVITIES:				
Interest received	48,523		-	
Proceeds for sale of Fixed assets	88,048		15,391	
Purchase of Fixed Assets	(6,353,023)		(8,877,496)	
Payment towards Capital Advances	16,000		(82,083)	
Net cash flow from / (used in) Investing activity		(6,200,452)		(8,944,188)

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**

(Amount in Rupees)

	2013-2014		2012-2013	
	Rupees	Rupees	Rupees	Rupees
3 CASH FLOW FROM FINANCING ACTIVITIES				
Short term borrowing (net)	(3,503,078)		4,391,150	
Loan term borrowing repaid	(385,507)		(342,835)	
Interest charges	(147,980)		(155,299)	
Net cash flow from / (used in) Financing activity		(4,036,565)		3,893,016
Net increase in Cash and Cash equivalent		429,158		(2,641,031)
Cash & Cash equivalents at the beginning of year		1,813,485		4,454,516
Cash & Cash equivalents at the end of year		2,242,643		1,813,485
Components of cash and cash equivalents				
Balances with banks:				
In Current Accounts		1,372,992		1,278,265
Cash in hand		869,651		535,220
Total cash and cash equivalents		2,242,643		1,813,485

As per our Report of even Date

For G. M. Kapadia & Co.
Chartered Accountants

For and on behalf of the Board

(Viren Thakkar)
Partner**(Samson Jesudas)**
Managing Director**(Milind Karnik)**
Director**Place : Mumbai**
Dated : May 26, 2014**Place : Mumbai**
Dated : May 26, 2014

Significant Accounting Policies and Notes Forming Part of Accounts for the year ended March 31, 2014.**1 Method of Accounting & Basis of Preparation**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India, on the basis of going concern under the historical cost convention and also on accrual basis. These financial statements comply, in all material aspects, with the provisions of the Companies Act, 1956 and the Companies Act, 2013 (to the extent applicable) and also accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006, which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956 notified by MCA vide its notification no. 447(E) dated February 28, 2011. Based on the nature of services rendered by the Company and realization of consideration in cash and cash equivalents, the Company has ascertained its Operating Cycle as less than 12 months for the purpose of current – non-current classification of assets and liabilities.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and reported amounts of revenue and expenses during the reported period. Such estimates are on a reasonable and prudent basis taking into account all available information; actual results could differ from estimates. Differences on account of revision of estimates actual outcome and existing estimates are recognised prospectively once such results are known / materialized in accordance with the requirements of the respective accounting standard, as may be applicable.

3 Fixed assets and intangible assets**(a) Intangible Assets**

- (i) Intangible assets are recognized only if they are separately identifiable and the Company expects to receive future economic benefits arising out of them. Such assets are stated at cost less accumulated amortisation and impairment, if any. Internally Generated assets are not recognised in the books of accounts.
- (ii) Intangible assets comprises of Cable Television Franchise, Goodwill and Software's.
- (iii) The aggregate consideration paid to acquire CATV / ISP Subscribers connected to a network along with Network assets and all the rights attached thereto are disclosed under the head Cable Television Franchise. In cases where value for assets acquired along with Subscribers connected to the network is separately ascertained, the assets are capitalised under the

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

relevant heads. The consideration paid for non-compete as per the underlying agreements is included in Goodwill.

(b) Tangible Assets

- (i) The fixed assets are stated at cost less accumulated depreciation and impairment, if any. Cost comprises of purchase price, non refundable taxes and all expenses incurred in bringing the assets to its present location and condition for its intended use and includes installation and commissioning expenses. The indirect expenditure incurred during the pre-commencement period is allocated proportionately over the cost of the relevant assets.
- (ii) Cable Modems and Routers lying on hands at the year-end are included in capital Work in Progress. On installation, such devices are capitalized or treated as sale based on scheme opted by customers.
- (iii) Nature of some of the items included in Capital Work in Progress is such that the same may be used for repairs and maintenance.

4 Depreciation and amortisation

- (a) The intangible assets are amortised on a straight line basis over their expected useful lives as follows:
 - (i) Cable Television Franchise is amortised over a period of twenty years.
 - (ii) Non Compete Fees included in Goodwill is amortised over the non-compete period stated in the underline agreement and in absence of the same, over five years.
 - (iii) Goodwill arising on transfer of business of subsidiaries is fully amortised in the same year.
 - (iv) Goodwill other than mentioned above is amortised over the specific tenor in the relevant agreement or ten years in the event of specific tenor in the relevant agreement.
- (b) Depreciation on fixed assets is computed on written down value method, at the rates and manner prescribed in Schedule XIV to the Companies Act, 1956, other than Structural Fitting which have been depreciated according to the rental agreement for the period of three years.

5 Investments

(a) Long-Term Investments:

Long-term investments in shares are stated at cost. The provision for diminution in value of such investments is made if such diminution is considered other than temporary.

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

(b) Current Investments:

Current investments are recorded at lower of cost or fair value.

6 Inventories

Inventories comprise of spares and maintenance items and STB (Set Top Boxes), which are valued at lower of cost (net of taxes recoverable) and net realizable value.

7 Borrowings cost

Borrowing Costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other Borrowing costs are recognized as an expense in the period in which they are incurred.

8 Provisions, contingent liabilities and contingent assets

- a) A Provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources would be required to settle the obligation, and in respect of which a reliable estimate can be made. Provisions are reviewed on each balance sheet date and are adjusted to effect the current best estimation.
- b) Contingent liabilities are disclosed separately by way of note to financial statements after careful evaluation by the management of the facts and legal aspects of the matter involved in case of
 - (i) a present obligation arising from the past event, when it is not probable that an outflow of resources will be required to settle the obligation.
 - (ii) a possible obligation, unless the probability of outflow of resources is remote.
- c) Contingent Assets are neither recognised, nor disclosed.

9 Employee benefits

- a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- b) Post employment and other long term employee benefits viz., gratuity, leave encashment, etc., are covered under Defined Benefit Plan. The cost of providing benefits are recognized as an expense in the statement of profit and loss for the year in which the employee has rendered services. The amount of expense is determined on the basis actuarial valuation at each year-end by Projected Unit Credit Method. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the statement of profit and loss in the period in which they occur. The Company presents the entire liability pertaining to leave encashment as a short term provision in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

10 Leases

Lease rentals in respect of assets taken on 'Operating Lease' are charged to statement of Profit and Loss over the lease term on systematic basis which is more representative of the time pattern of the Company's benefit.

11 Revenue recognition**(a) Income From Services**

Income from Operations is recognized on accrual basis based on agreements / arrangements with the concerned parties.

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

Revenue from sale of prepaid Internet Service plans, which are active at the year end, is recognized on time proportion basis. In other cases of sale of prepaid Internet Service plans, entire revenue is recognized in the year of sale.

Subscription Income from Cable TV Operators is accrued monthly based on number of connections declared by the said operators to the Company. In cases where revision of number of connections and rate is under negotiations at the time of recognition of revenue, the Company recognises revenue as per invoice raised. Adjustments for the year, if any, arising on settlement is adjusted against the Revenue. Other cases are reviewed at the year-end and provision for doubtful debts is made wherever ultimate realization is considered uncertain. The revenue relating to Digital Addressable System (DAS) is governed by TRAI and the same is to be recognized in accordance with prescribed regulations. [Refer Note no. 4.10]

(b) Interest income

Interest income is recognized on accrual basis.

(c) Sale of Goods

Revenue from sale of Access Devices is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the Government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

12 Taxes on income

- (a) Provision for Current Tax is made on the basis of taxable profits computed for the current accounting period (reporting period) in accordance with the Income Tax Act, 1961.
- (b) Deferred Tax is calculated at the tax rates and laws that have been enacted or substantively enacted as of the Balance Sheet date and is recognized on timing difference that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable income. Other deferred tax assets are recognised only to the extent that there is a reasonable certainty of realisation in future.
- (c) 'Minimum Alternate Tax (MAT) credit is recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. The said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the

effect that Company will pay normal Income Tax during the specified period. Tax on distributed profits payable in accordance with the provisions of section 115 O of the Income Tax Act, 1961 is, in accordance with the Guidance Note on Accounting for Corporate Dividend Tax, regarded as a tax on distribution of profits and is not considered in determination of the profits for the year.'

13 Impairments

The Company assesses at each balance sheet whether there is any indication that assets may be impaired. If any such indications exist, the Company estimates the recoverable amount of the assets or the cash-generating unit and if the same is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the assets are reflected at the recoverable amount.

14 Cash & Cash Equivalent

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank, cash in hand, demand deposits with banks and other short-term investments with an original maturity of three months or less.

15 Earnings Per Share

- a) Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.
- b) For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

16 Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Amount in Rupees)

2.01 SHARE CAPITAL	As at March 31,			
	2014	2013		
Authorised Capital 10,000,000 (March 2013 : 10,000,000) Equity Shares of face value of Rs. 10 Each	100,000,000	100,000,000		
	100,000,000	100,000,000		
Issued, Subscribed(fully paid) & Paid up Capital 8,000,000 (March 2013 : 8,000,000) Equity Shares of face value of Rs. 10 each	80,000,000	80,000,000		
	80,000,000	80,000,000		
a) Reconciliation of the number of shares outstanding as at the beginning and end of the reporting period :				
Particulars	As at March 31,			
	2014		2013	
	Number	Rs.	Number	Rs.
Equity Share of Rs. 10 each Shares Outstanding at the Beginning of the year	8,000,000	80,000,000	8,000,000	80,000,000
Shares Issued during the year	-	-	-	-
Shares Bought back/ Other Movements during the year	-	-	-	-
Shares Outstanding at the End of the year	8,000,000	80,000,000	8,000,000	80,000,000
b) Shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate				
Particulars	As at March 31,			
	2014	2013		
	No. of Shares Held	No. of Shares Held		
Its holding Company-				
Hathway Cable & Datacom Limited	1,920,000	1,920,000		
Hathway Media Vision Private Limited (Subsidiary of Holding Company)	2,160,000	2,160,000		
	4,080,000	4,080,000		

NOTES TO THE FINANCIAL STATEMENTS

(Amount in Rupees)

c) The details of shareholders holding more than 5% shares in the Company:				
Name of Shareholder	As at March 31,			
	2014		2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Hathway Cable & Datacom Limited	1,920,000	24%	1,920,000	24%
Kuldeep Puri	504,339	6%	504,339	6%
Hathway Media Vision Private Limited	2,160,000	27%	2,160,000	27%

d) Rights, Preference and restrictions attached to Shares;
Terms/ Rights attached to Equity Shares

The Company has only one class of shares referred to as equity shares having a face value of Rs.10/- . Each holder of equity shares is entitled to one vote per share and proportionate amount of dividend if declared to the total number of shares. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in proportion to the number of equity shares held by the share holders.

(Amount in Rupees)

2.02 RESERVES & SURPLUS	As at March 31,	
	2014	2013
Securities Premium Reserve		
Balance at the beginning of the year	15,000,000	15,000,000
Add: Securities premium credited on Share issue	-	-
Less: Deduction during the year	-	-
Balance at the end of the year	15,000,000	15,000,000
Surplus/ (Deficit) In the Statement of Profit and Loss		
Opening Balance	(40,955,317)	(31,546,129)
Add: Net Profit / (Loss) after tax for the current year	(36,541,999)	(9,409,188)
Less : Transfer to Reserves	-	-
Deficit in the Statement of Profit and Loss	(77,497,316)	(40,955,317)
	(62,497,316)	(25,955,317)

(Amount in Rupees)

2.03 LONG TERM BORROWINGS	Non- Current		Current	
	As at March 31,		As at March 31,	
	2014	2013	2014	2013
Vehicle Loans Secured				
from Banks	-	49,010	-	109,582
From Financial Institutions	359,315	612,907	253,592	226,915
	359,315	661,917	253,592	336,497
Amount disclosed under the head 'Other Current Liabilities' (Note No. 2.08)	-	-	253,592	336,497
Net Amount	359,315	661,917	-	-

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Nature of Security and terms of repayment for secured borrowings:					
Nature of Security		Terms of Repayment			
(i) Vehicle Loans from Banks amounting to Rs.Nil (March 31, 2013: Rs.158,592) were secured by Hypothecation of Vehicles.		The Loan was prepaid during the year.			
(ii) Vehicle Loans from Financial Institute amounting to Rs.612,907 (March 31, 2013: Rs.839,822) are secured by Hypothecation of Vehicles.		Principal repayable in 60 equal monthly installments along with Interest. Applicable Rate of Interest is @ 11%/10.75%. 1st installment due from Nov.2010/ June.2011.			
<i>(Amount in Rupees)</i>					
2.04 DEFERRED TAX LIABILITIES (NET)		As at March 31,			
		2014	2013		
Deferred Tax Assets					
Disallowances Under Income Tax Act 1961		270,451	239,946		
Provision for Gratuity		362,116	415,802		
Income earned during the Pre-commencement period		237,267	237,267		
Deferred Tax Liability					
Difference between book and tax depreciation		2,887,927	3,296,293		
		2,018,093	2,403,278		
<p>In the absence of virtual certainty of availability of taxable business income in near future against which the deferred tax assets can be adjusted, the Company has not recognized deferred tax assets on unabsorbed depreciation and business losses.</p> <p style="text-align: right;"><i>(Amount in Rupees)</i></p>					
2.05 PROVISIONS		Long Term		Short Term	
		As at March 31,			
		2014	2013	2014	2013
Provision for Employee Benefits					
Gratuity		1,096,953	1,277,483	74,944	68,156
Leave Encashment		762,935	686,411	112,310	90,113
		1,859,888	1,963,894	187,254	158,269

NOTES TO THE FINANCIAL STATEMENTS

<i>(Amount in Rupees)</i>		
2.06 SHORT-TERM BORROWINGS	As at March 31,	
	2014	2013
Loans repayable on demand		
Secured		
Working Capital Loans repayable on demand from a bank	-	2,504,939
Cash Credit with Bank	888,072	1,886,211
	888,072	4,391,150
<p>The Loan is secured against Hypothecation of Book Debts, Headend Equipments & Fixed Deposit Receipt of Rs. 33.61 Lakhs (March 31,2013 : 33.61 Lakhs)</p> <p style="text-align: right;"><i>(Amount in Rupees)</i></p>		
2.07 TRADE PAYABLES	As at March 31,	
	2014	2013
Trade Payables*	66,648,321	43,087,558
	66,648,321	43,087,558
<p>*As per the information available with the Company, none of the creditors qualify as supplier under The Micro, Small and Medium Enterprises Development Act, 2006 ("the Act") and accordingly no disclosure is made pursuant to section 22 of the Act.</p> <p style="text-align: right;"><i>(Amount in Rupees)</i></p>		
2.08 OTHER CURRENT LIABILITIES	Short Term	
	As at March 31,	
	2014	2013
Current maturities of Long Term Debts(Refer Note2.03)	253,592	336,497
Credit Balances in Current Account with Bank	1,507,797	2,096,440
Income received in advance	3,958,113	3,539,847
Statutory Payables	3,165,080	1,498,954
Payables - Capital Expenditure	4,003,921	4,200,802
Employee Payables	3,211,411	3,423,968
Security Deposits	5,538,818	5,479,821
Advance from Customers	14,265,448	-
Other Liabilities	1,589,917	2,337,108
	37,494,097	22,913,437

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

FIXED ASSETS

(Amount in Rupees)

	←-----Gross Block (at Cost)-----→				←--- Depreciation/Amortisation/Impairment---→				←---Net Block---→	
	As at 1-Apr-13	Additions During the year	Deductions During the year	As at 31-Mar-14	As at 1-Apr-13	Additions During the year	Deductions During the year	As at 31-Mar-14	As at 31-Mar-14	As at 31-Mar-13
2.09 TANGIBLE ASSETS										
Plant and Machinery	93,392,873	5,927,234	8,336,766	90,983,341	58,758,206	5,376,625	7,052,823	57,082,008	33,901,333	34,634,667
Air Conditioners	1,105,998	-	-	1,105,998	474,079	87,900	-	561,979	544,019	631,919
Structural Fittings	108,275	-	-	108,275	108,275	-	-	108,275	-	-
Furniture and Fixtures	4,827,197	-	-	4,827,197	3,813,354	183,828	-	3,997,182	830,015	1,013,843
Mobile, Pagers and Telephone	425,617	50,658	-	476,275	339,739	26,132	-	365,871	110,404	85,877
Computers	3,102,261	560,860	8,600	3,664,521	2,639,946	303,669	8,581	2,935,034	719,487	462,315
Office Equipments	829,554	6,037	-	835,591	402,076	62,891	-	464,967	370,624	427,478
Electrical Fittings	323,404	-	-	323,404	208,932	15,923	-	224,855	98,549	114,472
Motor Vehicles	3,581,791	-	573,602	3,008,189	2,118,065	376,670	424,095	2,070,640	937,549	1,463,726
Movie Master Tapes	-	-	-	-	-	-	-	-	-	-
Land and Building	-	-	-	-	-	-	-	-	-	-
Total	107,696,970	6,544,789	8,918,968	105,322,791	68,862,672	6,433,638	7,485,499	67,810,811	37,511,980	38,834,297
Previous Year	100,402,471	7,489,861	195,362	107,896,970	62,803,090	6,195,228	135,646	68,862,672	38,834,297	37,599,380
CWIP	-	-	-	-	-	-	-	-	623,712	1,012,359
Total	-	-	-	-	-	-	-	-	623,712	1,012,359
Previous year	-	-	-	-	-	-	-	-	1,012,359	477,914

FIXED ASSETS

(Amount in Rupees)

	← Gross Block (at Cost) →				← Depreciation/Amortisation/Impairment →				← Net Block →	
	As at 1-Apr-13	Additions During the year	Deductions During the year	As at 31-Mar-14	As at 1-Apr-13	Additions During the year	Deductions During the year	As at 31-Mar-14	As at 31-Mar-14	As at 31-Mar-13
2.10 INTANGIBLE ASSETS										
Goodwill	100,000	-	100,000	-	92,224	7,776	100,000	-	-	7,776
Cable Television Franchisee	26,346,020	-	-	26,346,020	17,675,346	1,317,300	-	18,992,646	7,353,374	8,670,674
Softwares	624,660	-	-	624,660	409,201	53,865	-	463,066	161,594	215,459
Total	27,070,680	-	100,000	26,970,680	18,176,771	1,378,941	100,000	19,455,712	7,514,968	8,893,909
Previous Year	27,070,680	-	-	27,070,680	16,767,649	1,409,122	-	18,176,771	8,893,909	

Note:

1) Range of remaining period of amortisation of Intangible Assets is as below:	1 to 5 years	5 to 10 years	Total WDV
	Cable TV Franchisee	6,586,500	766,874
Softwares	161,594	-	161,594

Based on factors such as past experience, industry trends, value added services and quality of services provided by the Company, trends in other countries, various changes proposed in the regulations governing the industry, future business plans, estimated residual value etc., the Company is of the opinion that the useful life of the Cable Television Franchisee acquired by the company will exceed twenty years. Accordingly, the same has been amortised over a period of twenty years from date of acquisition.

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

<i>(Amount in Rupees)</i>				
2.11 NON-CURRENT INVESTMENTS	As at March 31,		As at March 31,	
	2014	2013	2014	2013
	Quantity	Rupees	Quantity	Rupees
Trade Investments (value at Cost)				
Unquoted Equity Instruments				
Investment in Equity Shares of Subsidiaries				
Hathway Bhawani NDS Network Pvt Ltd	15,810	7,905,157	15,810	7,905,157
Hathway Bhawani Sai Network Pvt Ltd	116	58,000	116	58,000
Other Investments (valued at cost)				
Unquoted				
Investment in Government Securities				
NSC		121,000		121,000
Total Non-current Investments		8,084,157		8,084,157
Aggregate amount of unquoted investments		8,084,157		8,084,157
<i>(Amount in Rupees)</i>				
2.12 TRADE RECEIVABLES	Non- current		Current	
	As at March 31,		As at March 31,	
	2014	2013	2014	2013
Unsecured, considered good unless stated otherwise				
Unsecured, considered good				
Doubtful	-	-	36,190,865	44,895,086
	20,796,517	12,416,331	-	-
	20,796,517	12,416,331	36,190,865	44,895,086
Less: Provision for Doubtful Receivables				
	18,848,056	12,127,126	-	-
	1,948,461	289,205	36,190,865	44,895,086
Outstanding for a period exceeding six months from the date they are due for payment				
			8,660,612	21,327,351
Other receivables				
			27,530,253	23,567,735
			36,190,865	44,895,086

NOTES TO THE FINANCIAL STATEMENTS

<i>(Amount in Rupees)</i>				
2.13 LONG-TERM LOANS AND ADVANCES	Long Term		Short Term	
	As at March 31,		As at March 31,	
	2014	2013	2014	2013
<u>CAPITAL ADVANCES</u>				
Unsecured, considered good unless stated otherwise				
Network Acquisitions	4,389,627	4,405,627	-	-
Less: Provision for doubtful advances	4,389,627	1,000,000	-	-
	-	3,405,627	-	-
<u>SECURITY DEPOSITS</u>				
Unsecured, considered good				
Security Deposits	2,929,284	3,016,115	-	-
	2,929,284	3,016,115	-	-
<u>OTHER LOANS AND ADVANCES</u>				
Unsecured, considered good				
Prepaid expenses	-	-	1,286,182	1,056,255
Staff Advances	-	-	72,010	222,294
Sundry Advances	-	-	181,822	10,000
Service Tax Claimable	-	-	8,385,758	1,580,281
Taxes Paid (Net of Provisions)	11,666,687	5,875,060	2,668,428	3,264,959
Cenvat Receivable	-	-	914,585	3,108,120
	11,666,687	5,875,060	13,508,785	9,241,909
	14,595,971	12,296,802	13,508,785	9,241,909
<i>(Amount in Rupees)</i>				
2.14 OTHER ASSETS	Non- current		Current	
	As at March 31,		As at March 31,	
	2014	2013	2014	2013
Unsecured, considered good unless stated otherwise				
Fixed Deposit with Bank (Refer Note No. 2.16)	3,370,187	3,990,219	-	-
Interest accrued but not due	192,360	141,518	405,733	110,790
	3,562,547	4,131,737	405,733	110,790

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

<i>(Amount in Rupees)</i>				
2.15 INVENTORIES	As at March 31,			
	2014		2013	
Stock-in-Trade				
CATV - Set Top Boxes	87,916	20,450		
	87,916	20,450		
Set Top Boxes are valued at lower of cost or net realizable value.				
<i>(Amount in Rupees)</i>				
2.16 CASH AND BANK BALANCES	Non- current		Current	
	As at March 31,			
	2014	2013	2014	2013
Cash & Cash Equivalents				
Balances with banks:				
In Current Accounts	-	-	1,372,992	1,278,265
Cash in hand	-	-	869,651	535,220
	-	-	2,242,643	1,813,485
Other Bank Balance				
Fixed Deposits with original maturity greater than 3 months*	3,370,187	3,990,219	679,986	-
	3,370,187	3,990,219	679,986	-
Less: Amount disclosed under non current asset (Note No. 2.14)	3,370,187	3,990,219	-	-
	-	-	2,922,629	1,813,485
<p>* Out of the above Fixed deposits with Bank of Maharashtra, deposits of Rs. 637,380 (Previous year Rs.582,662) is given as security against outstanding bank Guarantees and deposits of Rs.3,361,440 (Previous year Rs. 3,361,440) is given as security against cash credit limit with the said bank.</p>				

NOTES TO THE FINANCIAL STATEMENTS

<i>(Amount in Rupees)</i>		
3.01 REVENUE FROM OPERATIONS	For the year ended March 31,	
	2014	2013
Sale of services		
Subscription Income	152,303,780	159,382,592
Rental Income on Equipments	472,457	688,709
Advertisement Income	417,631	511,242
	153,193,868	160,582,543
Sale of products		
Sale of Access Devices	436,686	13,356,508
	436,686	13,356,508
Other operating revenues		
Other Operational Income	122,437	-
	122,437	-
	153,752,991	173,939,051
<i>(Amount in Rupees)</i>		
3.02 OTHER INCOME	For the year ended March 31,	
	2014	2013
Amount No Longer Payable Written Back	240,380	-
Interest on Fixed Deposits	394,308	322,890
Interest on Income Tax Refund	264,047	373,841
Miscellaneous Income	157,391	98,019
Interest on Loans	12,551	11,067
	1,068,677	805,817
<i>(Amount in Rupees)</i>		
3.03 PURCHASE OF STOCK-IN-TRADE	For the year ended March 31,	
	2014	2013
Purchase of Access Device	490,465	10,009,025
	490,465	10,009,025

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

<i>(Amount in Rupees)</i>		
3.04 CHANGES IN STOCK-IN-TRADE	For the year ended March 31,	
	2014	2013
Changes in Stock-in-Trade	(67,466)	926,449
	(67,466)	926,449
<i>(Amount in Rupees)</i>		
3.05 OPERATIONAL EXPENSES	For the year ended March 31,	
	2014	2013
Pay Channel Cost	73,518,520	84,496,610
Commission	294,486	322,685
Repairs and Maintenance (Plant and Machinery)	1,642,881	1,846,427
Bandwidth and Lease Line Cost	12,771,006	11,842,429
Rent	4,117,175	4,040,339
Feed charges	18,266,774	1,239,294
Other Sundry Operational Cost	6,135,959	17,433,359
Consultancy and Technical Fees	1,877,600	1,792,100
Software and Programming Cost	67,201	50,568
Digital STB Subscription Expense	9,500,490	3,253,180
Hire Charges	108,380	-
Freight and Octroi Charges	34,291	46,710
	128,334,763	126,363,701
<i>(Amount in Rupees)</i>		
3.06 EMPLOYEE BENEFITS EXPENSE	For the year ended March 31,	
	2014	2013
Salaries and Bonus	16,816,883	15,770,350
Contribution to provident and other fund	1,286,855	1,264,808
Staff Welfare	208,658	235,016
	18,312,396	17,270,174

NOTES TO THE FINANCIAL STATEMENTS

<i>(Amount in Rupees)</i>		
3.07 OTHER EXPENSES	For the year ended March 31,	
	2014	2013
Service Charges	2,159,733	2,088,000
Provision for Bad and Doubtful debts	11,750,000	4,100,000
Electricity Expenses	2,763,461	3,330,544
Rates and taxes	4,440,661	4,091,841
Office Expenses	4,213,910	2,803,605
Conveyance	2,959,552	2,838,533
Legal and Professional Charges	391,090	271,036
Assets written off	1,094,397	-
Loss on disposal / shortage of assets	251,024	44,325
Advertisement and Promotion expenses	54,033	1,302,930
Communication Charges	624,473	671,360
Repairs and Maintainance (Others)	433,280	427,917
Printing and Stationery	648,992	615,465
Miscellaneous Expenses	315,622	199,755
Business Promotion Expenses	310,717	636,837
Insurance Charges	101,739	45,530
Sundry Advances Written Off	9,361	-
Donation	-	17,752
Sitting Fees	149,000	178,000
Interest on Taxes	39,133	-
Auditor's Remuneration		
- Statutory Audit Fees	295,000	230,000
- Taxation Matters	75,000	50,000
	33,080,178	23,943,430
<i>(Amount in Rupees)</i>		
3.08 DEPRECIATION AND AMORTISATION	For the year ended March 31,	
	2014	2013
Depreciation on Tangible Assets	6,433,638	6,195,228
Amortisation of Intangible Assets	1,378,941	1,409,122
	7,812,579	7,604,350

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

<i>(Amount in Rupees)</i>		
3.09 FINANCE COST	For the year ended March 31,	
	2014	2013
Interest and Finance Charges	147,980	155,299
Bank Charges	161,126	173,008
	309,106	328,307
<i>(Amount in Rupees)</i>		
3.10 PRIOR PERIOD ADJUSTMENTS	For the year ended March 31,	
	2014	2013
Expenses of earlier years debited to Statement of Profit and Loss		
Bonus	55,460	-
Maintenance material consumed	16,310	6,240
Royalty	21,000	106,813
Income of earlier years reversed and debited to Statement of Profit and Loss		
Royalty	131,601	-
STBAMC	28,894	-
Subscription Income	125,000	-
Total Debit (A)	378,265	113,053
Income of earlier years credited to Statement of Profit and Loss		
Placement Income	3,404	250,000
Subscription Income	78,112	-
Expenses of earlier years reversed and credited to Statement of Profit and Loss		
Bonus	194,845	-
Royalty	14,700	707,723
Electricity	-	90,000
Telephone	-	30,000
Commission	-	3,000
License Fees	-	591,467
Cassette Hire Charges	-	56,000
Total Credit (B)	291,061	1,728,190
Net Debit / (Credit) to Statement of Profit and Loss (A-B)	87,204	(1,615,137)

Notes forming part of Accounts for the year ended 31st March 2014

4.01 ADDITIONAL INFORMATION AS REQUIRED UNDER PARA 5 (VIII) OF PART II OF REVISED SCHEDULE VI TO THE COMPANIES ACT, 1956 HAS BEEN GIVEN TO THE EXTENT APPLICABLE TO THE COMPANY:

Particulars	Current Year Rs.	Previous Year Rs.
CIF Value of Imports	Nil	Nil
Expenditure in foreign currency	Nil	Nil
Earning in foreign currency	Nil	Nil

4.02 In the opinion of the Board, the loans & advances, trade receivables and all other assets have a realizable value in the ordinary course of business not less than the amount at which they are stated in the Balance sheet

4.03 CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for aggregate to Rs. Nil (P.Y. Nil).

The Company in its ordinary course of business has promoted / acquired interest in various entities. Considering the long-term involvement of the Company in these entities and strategic impact it has on the business of the Company, the Company has committed to provide operating and financial support to these entities.

4.04 CONTINGENT LIABILITIES

(a) Claims against the Company not acknowledged, as debts are Rs.2,100,000/-(Previous Year Rs. 2,100,000/-).

(b) Outstanding Bank Guarantees Rs.1,200,000 /- (Previous Year Rs. 1,200,000/-).

4.05 EMPLOYEE BENEFITS

(a) Defined Benefit Plans:

The present value of the defined benefit obligations and the related current service cost were measured using the objected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

The following table provides the disclosures in accordance with Revised AS 15.

Reconciliation of opening and closing balance of the present value of the defined benefit obligation and plan assets:

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

Category	As at 31st March 2014 [Gratuity (Rs.)]	As at 31st March 2013 [Gratuity (Rs.)]
1 Change in benefit obligations:		
Projected benefit obligations at beginning of the year	1,345,639	998,157
Current Service Cost	191,541	143,082
Interest Cost	121,000	96,220
Benefits Paid	(460,445)	(11,492)
Actuarial (Gain) / (Loss)	(25,838)	119,672
Past Service Cost	-	-
Projected benefit obligations at end of the year	1,171,897	1,345,639
2 Change in plan assets:		
Contributions by Employer	460,445	11,492
Benefits Paid	(460,445)	(11,492)
3 Reconciliation of present value of the obligation and the fair value of plan assets		
Present value of the defined benefit obligations at the end of the year	1,171,897	1,345,639
Liability / (Asset) recognised in the Balance Sheet	1,171,897	1,345,639
4 Cost for the year		
Current Service Cost	191,541	143,082
Interest Cost	121,000	96,220
Actuarial (Gain) / (Loss)	(25,838)	119,672
Net Cost recognised in the Statement of Profit and Loss	286,703	358,974
5 Assumptions		
Interest rate for discount	9.35%	8.05%
Estimated rate of return on plan assets	0%	0%
Mortality	LIC (94-96) Mortality Table	LIC (94-96) Mortality Table
Salary Escalation	7%	7%

b) Defined Contribution Plans:

"Contribution to provident and other funds" is recognised as an expense in the Statement of Profit and Loss Account.

Benefits	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Defined benefit obligation	1,171,897	1,345,639	998,157	823,795	692,852
Plan assets	-	-	-	-	-
Surplus/(Deficit)	(1,171,897)	(1,345,639)	(998,157)	(823,795)	(692,852)
Experience adjustment on obligation - gain/(loss)	164,277	25,477	22,827	(6,412)	(170,749)
Experience adjustment on plan assets - gain/(loss)	-	-	-	-	-
Experience adjustment (best estimate) to funded plans in subsequent finance year	-	-	-	-	-

4.06 SEGMENTAL REPORTING

The Company is a Multi System Operator providing Cable Television Network Services, Internet Services and allied services which is considered as the only reportable segment. The Company's operations are based in India.

4.07 RELATED PARTY DISCLOSURES

- I. Enterprise where control exists:
 - a. Hathway Cable & Datacom Ltd.
- II. Under the control of the Company
 - a. Hathway Bhawani NDS Network Pvt.Ltd.
 - b. Hathway Bhawani Sai Network Pvt.Ltd.
- III. Other related parties with whom the Company had transactions.
 - a) Mr. Kuldeep Puri as Managing Director- Key Management Personnel
 - b) Mr. Kulbhushan Puri as Karta Of M/s Kulbhushan Puri HUF
(Relative Of Managing Director)

Description	Enterprises where Control exists	Management Key Personnel	Relatives of Key Management Personnel
1. Remuneration paid - Mr.Kuldeep Puri	Nil (Nil)	1,440,000 (1,335,000)	Nil (Nil)
2. Consultancy paid - Kulbhushan Puri	Nil (Nil)	Nil (Nil)	1,500,000 (1,395,000)
3. Reimbursement of expenses paid - Mr.Kuldeep Puri	Nil (Nil)	307,256 (139,887)	Nil (Nil)
Mr.Kulbhushan Puri	Nil (Nil)	Nil (Nil)	409,262 (399,671)
4 .Purchase of Assets/ STB - Hathway Cable & Datacom Ltd.	490,667 (10,148,889)	Nil (Nil)	Nil (Nil)

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

5. Other transactions/ Lease Rent CMTS Hathway Cable & Datacom Ltd.	29,163,704 (18,711,787)	Nil (Nil)	Nil (Nil)
6. Advertisement Revenue/ Carriage fees Hathway Cable & Datacom Ltd.	56,100,000 (29,333,331)	Nil (Nil)	Nil (Nil)
7. Inputer charge earned/consultancy charges earned Hathway Bhawani NDS Network Pvt.Ltd.	854,130 (2,611,410)	Nil (Nil)	Nil (Nil)
8. Sale of assets/STB Hathway Bhawani NDS Network Pvt.Ltd.	- (287,200)	Nil (Nil)	Nil (Nil)
9. ISP Access Expenses Hathway Cable & Datacom Ltd.	6,145,186 (6,739,020)	Nil (Nil)	Nil (Nil)
10. Outstanding balance :			
- Receivable from Hathway Bhawani NDS Network Pvt.Ltd.	3,870,388 (3,415,638)	Nil (Nil)	Nil (Nil)
- Receivable from Hathway Bhawani Sai Networks Pvt. Ltd.	55,591 (55,591)	Nil (Nil)	Nil (Nil)
- Payable to Hathway Cable & Datacom Ltd.	33,292,414 (3,691,707)	Nil (Nil)	Nil (Nil)
Unsecured Loan Hathway Cable & Datacom Ltd.	14,265,348 (Nil)	Nil (Nil)	Nil (Nil)
- Payable to Mr.Kuldeep Puri	Nil (Nil)	216,000 (517,991)	Nil (Nil)
Payable to Mr.Kulbhushan Puri	Nil (Nil)	Nil (Nil)	120,258 (534,258)

4.08 LEASES

The Company has leasing arrangements in terms of Accounting Standard 19 on "Leases" as applicable. These leasing arrangements, which are cancelable, range between 11 months to 33 months and are usually renewable by mutual consent on mutually agreeable terms. The amount of such lease rentals debited to the Statement of Profit and Loss for the year is Rs.4,117,175/- (Previous Year Rs. 4,040,339/-).

4.09 EARNINGS PER SHARE

Particulars	Current Year	Previous Year
Profit \ (Loss) after tax (including prior period adjustment and adjustment for short provision of earlier years) – (Rs.)	(36,541,999)	(9,409,188)
No. of ordinary shares (No.'s)	8,000,000	8,000,000
Nominal value of ordinary shares (Rs.)	10	10
Basic and Diluted Earnings per share (Rs.)	(4.57)	(1.18)

4.10 Pursuant to introduction of DAS, in terms of TRAI Regulations the Company is required to inter alia generate subscriber level billing and enter into inter connect agreements with local cable operators with effect from 1st November 2012. However due to market conditions, the Company had still to fully implement the regulations as stipulated by TRAI. Accordingly, Subscription income recognized by the management for the period beginning from 1st November 2012 amounting to Rs. 447.29 Lacs is on their best estimate basis. The management has reviewed the outstanding receivables and are certain that it is stated at realizable amount and no provisions / reversal is required.

4.11 Supplementary statutory information required to be given pursuant to Clause 32 of the listing agreement -Nil.

4.12 Previous year figures have been rearranged and regrouped wherever necessary.

As per our Report of even Date

For G. M. Kapadia & Co.
Chartered Accountants

For and on behalf of the Board

(Viren Thakkar)
Partner

(Samson Jesudas)
Managing Director

(Milind Karnik)
Director

Place : Mumbai
Dated : May 26, 2014

Place : Mumbai
Dated : May 26, 2014

INDEPENDENT AUDITOR'S REPORT

To the Members of Hathway Bhawani Cabletel and Datacom Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of HATHWAY BHAWANI CABLETEL & DATACOM LIMITED ("the Company"), and its subsidiaries (the Company and its subsidiaries constitute "the Group") which comprise the Balance Sheet as at March 31, 2014 and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in section 211(3C) of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to:

Note no. 4.10 to Consolidated Financial Statements relating to basis of recognition of income in view

of introduction of Digital Addressable System (DAS) by the Central Government in the metropolitan cities. In view of the prevailing circumstances, as explained in the said note, the Company has estimated its income from its networks located in these cities.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS)-21 "Consolidated Financial Statements".

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of the reports of the other auditors on the financial statement of the components, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- b) In the case of the Consolidated Statement of Profit and Loss, of the Loss of the Group for the year ended on that date; and
- c) In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

We have not audited the financial statements of subsidiaries whose audited financial statements reflect total assets (net) of Rs.1,39,38,640 as on March 31, 2014, total revenues of Rs. 98,65,262 and net cash inflow of Rs.16,95,271 for the year ended March 31, 2014 and these financial statements have been audited by other auditors whose reports have been furnished to us for the purpose of consolidation and our opinion, in so far as it relates to the amounts included in respect of such subsidiaries is based solely on the report of other auditors.

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No. 104767W

Place: Mumbai
Dated: May 26 , 2014

(Viren Thakkar)
Partner
Membership No. 49417

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014 (Amount in Rupees)

	Note No.	As at March 31,	
		2014	2013
EQUITY AND LIABILITIES			
Shareholders Funds			
Share Capital	2.01	80,000,000	80,000,000
Reserves and Surplus	2.02	(68,210,451)	(29,655,330)
Minority Interest		7,825,542	9,767,226
Non-Current Liabilities			
Long-Term Borrowings	2.03	359,315	661,917
Deferred Tax Liabilities (Net)	2.04	2,018,093	2,403,278
Long-Term Provisions	2.05	1,859,888	1,963,894
Current Liabilities			
Short-Term Borrowings	2.06	888,072	4,391,150
Trade Payables	2.07	66,648,321	43,031,967
Other Current Liabilities	2.08	38,287,083	23,222,373
Short-Term Provisions	2.05	187,254	158,269
		129,863,117	135,944,744
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	2.09	37,804,219	39,171,024
Intangible Assets	2.10	12,059,105	16,467,458
Capital Work In Progress		623,712	1,012,359
Non-Current Investments	2.11	121,000	121,000
Long-Term Loans and Advances	2.13	20,342,471	18,267,806
Trade Receivables	2.12	1,948,461	289,205
Other Non-Current Assets	2.14	3,755,502	4,131,737
Current Assets			
Inventories	2.15	87,916	60,450
Trade Receivables	2.12	32,859,589	43,515,757
Cash and Bank Balances	2.16	6,055,476	3,251,061
Short-Term Loans and Advances	2.13	13,796,273	9,546,097
Other Current Assets	2.14	409,393	110,790
		129,863,117	135,944,744
Summary of Significant Accounting Policies	1.00		
The accompanying notes are an integral part of the financial statements.			
As per our Report of even Date			
For G. M. Kapadia & Co.		For and on behalf of the Board	
Chartered Accountants			
(Viren Thakkar)	(Samson Jesudas)	(Milind Karnik)	
Partner	Managing Director	Director	
Place : Mumbai		Place : Mumbai	
Dated : May 26, 2014		Dated : May 26, 2014	

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(Amount in Rupees)

	Note No.	For the year ended on March31,	
		2014	2013
INCOME			
Revenue from Operations	3.01	162,764,123	182,357,016
Other Income	3.02	1,068,677	805,817
		163,832,800	183,162,833
EXPENDITURE			
Purchase of Stock-In-Trade	3.03	490,465	10,220,125
Changes in inventory of stock in trade	3.04	(27,466)	926,449
Operational Expenses	3.05	132,144,792	128,674,251
Employee Benefits Expense	3.06	21,520,205	20,200,514
Other Expenses	3.07	35,904,714	27,106,930
		190,032,710	187,128,269
Earnings before Finance cost, Depreciation, Amortization and Tax		(26,199,910)	(3,965,436)
Depreciation and Amortization	3.08	10,895,583	10,690,822
Finance Cost	3.09	309,667	346,056
Profit / (Loss) before Prior Period Items, Exceptional items and Tax		(37,405,160)	(15,002,314)
Prior Period Adjustments (Net)	3.10	87,204	(1,627,443)
Exceptional Items			
Provision for Doubtful Advances		3,389,627	1,000,000
Net Profit / (Loss) before Tax		(40,881,991)	(14,374,871)
Tax Expenses:			
Deferred Tax		(385,185)	(525,651)
Excess/Short provision for taxation for earlier years		-	(1,150,592)
Net Profit / (Loss) for the Year		(40,496,806)	(12,698,628)
Minority Interest		1,941,685	1,615,657
Net Profit / (Loss) for the Year from the Continuing Operation		(38,555,121)	(11,082,971)
Earnings per equity share (nominal value of share Rs. 10 each) from Continuing and Total operation			
Weighted Average Number of Shares - Basic		8,000,000	8,000,000
Earning / (Loss) Per Share (In Rs.) - Basic		(4.82)	(1.39)
Weighted Average Number of Shares - Diluted		8,000,000	8,000,000
Earning / (Loss) Per Share (In Rs.) - Diluted		(4.82)	(1.39)
Summary of Significant Accounting Policies	1.00		
Refer accompanying notes. These notes are integral part of the financial statements.			
As per our Report of even Date			
For G. M. Kapadia & Co.		For and on behalf of the Board	
Chartered Accountants			
(Viren Thakkar)	(Samson Jesudas)	(Milind Karnik)	
Partner	Managing Director	Director	
Place : Mumbai		Place : Mumbai	
Dated : May 26, 2014		Dated : May 26, 2014	

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014 (Amount in Rupees)

	Year ended March 31, 2014		Year ended March 31, 2013	
	Rupees	Rupees	Rupees	Rupees
1 CASH FLOW FROM OPERATING ACTIVITIES:				
NET PROFIT/(LOSS) BEFORE TAX, PRIOR PERIOD		(38,940,305)		(12,759,214)
ADJUSTEMENTS				
Depreciation \ Amortisation	10,895,583		10,690,822	
Assets Written off.	1,094,397		-	
Preliminary Exp. Written off	35,210		35,211	
Minority Interest	(1,941,685)		(1,615,657)	
Provision for Bad Debts	11,750,000		4,100,000	
Provision for Doubtful Advances / Investements	3,389,627		1,000,000	
Sundry balance written back	(240,380)		-	
Sundry Advances Written Off	9,361		-	
(Profit) / loss on sale of Fixed Assets net	251,024		44,325	
Interest Income	(394,308)		-	
Interest Expense	147,980		172,459	
		24,996,809		14,427,160
Operating Profit Before Change in Working Capital		(13,943,496)		1,667,946
Change in Working Capital				
(Increase) / Decrease in Inventories	(27,466)		1,060,748	
(Increase) / Decrease in Trade Receivable	(2,753,089)		(18,971,760)	
(Increase) / Decrease in Loans & Advances	(2,846,974)		(4,868,464)	
Increase / (Decrease) in Current Liabilities & Provisions	39,126,214		26,518,483	
		33,498,686		3,739,007
Cash Generated from Operations		19,555,190		5,406,953
Taxes Paid (Net)		(7,184,636)		(3,331,456)
Net Cash flow /(used in) Operating activity		12,370,553		2,075,497
2 CASH FLOW FROM INVESTING ACTIVITIES:				
Interest received	48,523		-	
Proceeds for sale of Fixed assets	88,048		15,391	
Purchase of Fixed Assets	(6,362,130)		(8,957,247)	
Payment towards Capital Advances	16,000		(82,083)	
Net cash flow from / (used in) Investing activity		(6,209,559)		(9,023,939)

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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014 (Amount in Rupees)

	Year ended March 31, 2014		Year ended March 31, 2013	
	Rupees	Rupees	Rupees	Rupees
3 CASH FLOW FROM FINANCING ACTIVITIES				
Issue of Fresh Capital				
Short term borrowing (net)	(3,503,078)		4,391,150	
Loan term borrowing repaid	(385,507)		(342,835)	
Interest charges	(147,980)		(172,459)	
Net cash flow from / (used in) Financing activity		(4,036,565)		3,875,856
Net increase in Cash and Cash equivalent		2,124,429		(3,072,586)
Cash & Cash equivalents at the beginning of year		3,251,061		6,323,647
Cash & Cash equivalents at the end of year		5,375,490		3,251,061
Components of cash and cash equivalents				
Balances with banks:				
In Current Accounts		1,568,769		1,577,319
Cash in hand		3,806,721		1,673,742
Total cash and cash equivalents		5,375,490		3,251,061

As per our Report of even Date

For G. M. Kapadia & Co.
Chartered Accountants

For and on behalf of the Board

(Viren Thakkar)
Partner

(Samson Jesudas)
Managing Director

(Milind Karnik)
Director

Place : Mumbai
Dated : May 26, 2014

Place : Mumbai
Dated : May 26, 2014

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

Significant Accounting Policies and Notes Forming Part of Accounts for the year ended March 31, 2014.

These Significant Accounting policies and notes to accounts form part of, the Consolidated Financial Statements for the year ended March 31, 2014. The consolidated financial statement comprises of Hathway Bhawani Cabletel & Datacom Limited ("The Company") and its subsidiaries, (collectively referred to as "The Group").

BACKGROUND

The Company is Multi System Operator (MSO) and engaged in distribution of television channels through analog and digital cable distribution network and internet services through cable.

Significant Accounting Policies

1 Method of Accounting & Basis of Preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India, on the basis of going concern under the historical cost convention and also on accrual basis. These financial statements comply, in all material aspects, with the provisions of the Companies Act, 1956 and the Companies Act, 2013 (to the extent applicable) and also accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006, which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956 notified by MCA vide its notification no. 447(E) dated February 28, 2011. Based on the nature of services rendered by the Company and realization of consideration in cash and cash equivalents, the Company has ascertained its Operating Cycle as less than 12 months for the purpose of current – non-current classification of assets and liabilities.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2 Principles Of Consolidation

The consolidated financial statements are prepared in accordance with Accounting Standard 21 – "Consolidated Financial Statements", as notified by the Companies (Accounting Standard) Rules, 2006.

The excess of the cost to the Company of its investment, over the Company's portion of net assets at the time of acquisition of shares is recognised in the financial statements as Goodwill. The excess of Company's portion of net assets over the cost of investment therein is treated as Capital Reserve.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible, are made in the consolidated financial statements and are presented in the same manner as the Company's standalone financial statements. The figures pertaining to the Subsidiary Companies have been recast/ reclassified wherever

necessary to bring them in line with the parent Company's financial statements.

The financial statements of the subsidiaries, joint ventures and associates used in the consolidation are drawn up to the same reporting date as that of the Company.

The Notes and Significant accounting policies to the Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the Group. In this respect, the Company has disclosed such notes and policies which fairly present the needed disclosures, and such other notes and statutory information disclosed in the financial statements of the parent and the subsidiary companies which are not having any effect on the true and fair view of the Consolidated Financial Statements are excluded.

Subsidiaries

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions. The unrealized profits or losses resulting from the intra-group transactions have been eliminated and unrealised losses resulting from the intra-group transactions have also been eliminated unless cost cannot be recovered.

Share of minority interest in the net profit of the consolidated subsidiaries is identified and adjusted against the profit after tax to arrive at the net income attributable to shareholders. Share of minority interest in losses of the consolidated subsidiaries, if exceeds the minority interest in the equity, the excess and further losses applicable to the minority, are adjusted against the Group's interest. Share of minority interest in net assets of consolidated subsidiaries is presented in the consolidated balance sheet separately from liabilities and the equity of the company's shareholders.

3 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and reported amounts of revenue and expenses during the reported period. Such estimates are on a reasonable and prudent basis taking into account all available information; actual results could differ from estimates. Differences on account of revision of estimates actual outcome and existing estimates are recognised prospectively once such results are known / materialized in accordance with the requirements of the respective accounting standard, as may be applicable.

4 Fixed assets and intangible assets

Intangible Assets

- Intangible assets are recognized only if they are separately identifiable and the Company expects to receive future economic benefits arising out of them. Such assets are stated at cost less accumulated amortisation and impairment, if any. Internally Generated assets are not recognised in the books of accounts.

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

- Intangible assets comprises of Cable Television Franchise, Goodwill and Software's.
- The aggregate consideration paid to acquire CATV / ISP Subscribers connected to a network along with Network assets and all the rights attached thereto are disclosed under the head Cable Television Franchise. In cases where value for assets acquired along with Subscribers connected to the network is separately ascertained, the assets are capitalised under the relevant heads. The consideration paid for non-compete as per the underlying agreements is included in Goodwill.

Tangible Assets

- The fixed assets are stated at cost less accumulated depreciation and impairment, if any. Cost comprises of purchase price, non refundable taxes and all expenses incurred in bringing the assets to its present location and condition for its intended use and includes installation and commissioning expenses. The indirect expenditure incurred during the pre-commencement period is allocated proportionately over the cost of the relevant assets.
- Cable Modems and Routers lying on hands at the year-end are included in capital Work in Progress. On installation, such devices are capitalized or treated as sale based on scheme opted by customers.
- Nature of some of the items included in Capital Work in Progress is such that the same may be used for repairs and maintenance.

5 Depreciation and amortisation

- a) The intangible assets are amortised on a straight line basis over their expected useful lives as follows:
 - (i) Cable Television Franchise is amortised over a period of twenty years.
 - (ii) Non Compete Fees included in Goodwill is amortised over the non-compete period stated in the underline agreement and in absence of the same, over five years.
 - (iii) Goodwill arising on transfer of business of subsidiaries is fully amortised in the same year.
 - (iv) Goodwill other than mentioned above is amortised over the specific tenor in the relevant agreement or ten years in the event of specific tenor in the relevant agreement.
- b) Depreciation on fixed assets is computed on written down value method, at the rates and manner prescribed in Schedule XIV to the Companies Act, 1956, other than Structural Fitting which have been depreciated according to the rental agreement for the period of three years.

6 Investments

Long-Term Investments:

Long-term investments in shares are stated at cost. The provision for diminution in value of such investments is made if such diminution is considered other than temporary.

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

Current Investments:

Current investments are recorded at lower of cost or fair value.

7 Inventories

Inventories comprise of spares and maintenance items and STB (Set Top Boxes), which are valued at lower of cost (net of taxes recoverable) and net realizable value.

8 Borrowings cost

Borrowing Costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other Borrowing costs are recognized as an expense in the period in which they are incurred.

9 Provisions, contingent liabilities and contingent assets

- a) A Provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources would be required to settle the obligation, and in respect of which a reliable estimate can be made. Provisions are reviewed on each balance sheet date and are adjusted to effect the current best estimation.
- b) Contingent liabilities are disclosed separately by way of note to financial statements after careful evaluation by the management of the facts and legal aspects of the matter involved in case of
 - a present obligation arising from the past event, when it is not probable that an outflow of resources will be required to settle the obligation.
 - a possible obligation, unless the probability of outflow of resources is remote.
- c) Contingent Assets are neither recognised, nor disclosed.

10 Employee benefits

- a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of profit and loss of the year in which the related service is rendered.
- b) Post employment and other long term employee benefits viz., gratuity, leave encashment, etc., are covered under Defined Benefit Plan. The cost of providing benefits are recognized as an expense in the statement of profit and loss for the year in which the employee has rendered services. The amount of expense is determined on the basis actuarial valuation at each year-end by Projected Unit Credit Method. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the statement of profit and loss in the period in which they occur. The Company presents the entire liability pertaining to leave encashment as a short term provision in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date

11 Leases

Lease rentals in respect of assets taken on 'Operating Lease' are charged to statement of Profit and Loss over the lease term on systematic basis which is more representative of the time pattern of the Company's benefit.

12 Revenue recognition**(a) Income from Services**

Income from Operations is recognized on accrual basis based on agreements / arrangements with the concerned parties.

Revenue from sale of prepaid Internet Service plans, which are active at the year end, is recognized on time proportion basis. In other cases of sale of prepaid Internet Service plans, entire revenue is recognized in the year of sale.

Subscription Income from Cable TV Operators is accrued monthly based on number of connections declared by the said operators to the Company. In cases where revision of number of connections and rate is under negotiations at the time of recognition of revenue, the Company recognises revenue as per invoice raised. Adjustments for the year, if any, arising on settlement is adjusted against the Revenue. Other cases are reviewed at the year-end and provision for doubtful debts is made wherever ultimate realization is considered uncertain. The revenue relating to Digital Addressable System (DAS) is governed by TRAI and the same is to be recognized in accordance with prescribed regulations. [Refer Note no.4.10]

(b) Interest income

Interest income is recognized on accrual basis.

(c) Sale of Goods

Revenue from sale of Access Devices is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the Government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

13 Taxes on income

- a) Provision for Current Tax is made on the basis of taxable profits computed for the current accounting period (reporting period) in accordance with the Income Tax Act, 1961.
- b) Deferred Tax is calculated at the tax rates and laws that have been enacted or substantively enacted as of the Balance Sheet date and is recognized on timing difference that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable income. Other deferred tax assets are recognised only to the extent that there is a reasonable certainty of realisation in future.
- c) 'Minimum Alternate Tax (MAT) credit is recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. The said asset is created

by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period. Tax on distributed profits payable in accordance with the provisions of section 115 O of the Income Tax Act, 1961 is, in accordance with the Guidance Note on Accounting for Corporate Dividend Tax, regarded as a tax on distribution of profits and is not considered in determination of the profits for the year.'

14 Impairments

The Company assesses at each balance sheet whether there is any indication that assets may be impaired. If any such indications exist, the Company estimates the recoverable amount of the assets or the cash-generating unit and if the same is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the assets are reflected at the recoverable amount.

15 Cash & Cash Equivalent

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank, cash in hand, demand deposits with banks and other short-term investments with an original maturity of three months or less.

16 Earning Per Share

- a) Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.
- b) For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

17 Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rupees)

2.01 SHARE CAPITAL	As at March 31,			
	2014		2013	
Authorised Capital 10,000,000 (March 2013 : 10,000,000) Equity Shares of face value of Rs. 10 Each	100,000,000	100,000,000	100,000,000	100,000,000
Issued, Subscribed(fully paid) & Paid up Capital 8,000,000 (March 2013 : 8,000,000) Equity Shares of face value of Rs. 10 each	80,000,000	80,000,000	80,000,000	80,000,000
a) Reconciliation of the number of shares outstanding as at the beginning and end of the reporting period :				
Particulars	As at March 31,			
	2014		2013	
	Number	Rs.	Number	Rs.
Equity Share of Rs. 10 each				
Shares Outstanding at the Beginning of the year	8,000,000	80,000,000	8,000,000	80,000,000
Shares Issued during the year	-	-	-	-
Shares Bought back/ Other Movements during the year	-	-	-	-
Shares Outstanding at the End of the year	8,000,000	80,000,000	8,000,000	80,000,000
b) Shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate				
Particulars	As at March 31,			
	2014		2013	
	No. of Shares Held		No. of Shares Held	
Its holding Company-				
Hathway Cable & Datacom Limited	1,920,000		1,920,000	
Hathway Media Vision Private Limited	2,160,000		2,160,000	
(Subsidiary of Holding Company)	4,080,000		4,080,000	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rupees)

c) The details of shareholders holding more than 5% shares in the Company:				
Name of Shareholder	As at March 31,			
	2014		2013	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Equity Share of Rs. 10 each				
Hathway Cable & Datacom Limited	1,920,000	24%	1,920,000	24%
Kuldeep Puri	504,339	6%	504,339	6%
Hathway Media Vision Private Limited	2,160,000	27%	2,160,000	27%
d) Rights, Preference and restrictions attached to Shares; Equity Shares				
<p>The Company has only one class of shares referred to as equity shares having a face value of Rs.10/-. Each holder of equity shares is entitled to one vote per share and proportionate amount of dividend if declared to the total number of shares. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in proportion to the number of equity shares held by the share holders.</p>				
(Amount in Rupees)				
2.02 RESERVES & SURPLUS		As at March 31,		
		2014	2013	
Securities Premium Reserve				
Balance at the beginning of the year		15,000,000	15,000,000	
Add: Securities premium credited on Share issue		-	-	
Less: Deductions during the year		-	-	
Balance at the end of the year		15,000,000	15,000,000	
Surplus/ (Deficit) In the Statement of Profit and Loss				
Balance at the beginning of the year		(44,655,330)	(37,472,852)	
Add: Net Profit / (Loss) after tax for the current year		(38,555,121)	(11,082,971)	
Less : Minority Interest adjustments pertaining to earlier year		-	(3,900,493)	
Deficit in the Statement of Profit and Loss		(83,210,451)	(44,655,330)	
		(68,210,451)	(29,655,330)	
(Amount in Rupees)				
2.03 LONG TERM BORROWINGS:		Non- Current		Current
		As at March 31,		As at March 31,
		2014	2013	2014
				2013
Vehicle Loans Secured				
from Banks		-	49,010	-
From Financial Institutions		359,315	612,907	253,592
		359,315	661,917	253,592
				336,497
Amount disclosed under the head 'Other Current Liabilities' (Note No. 2.08)		-	-	253,592
Net Amount		359,315	661,917	-
				-

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Nature of Security and terms of repayment for secured borrowings:					
Nature of Security		Terms of Repayment			
(i) Vehicle Loans from Banks amounting to Rs.Nil (March 31, 2013: Rs.158,592) were secured by Hypothecation of Vehicles.		The Loan was prepaid during the year.			
(ii) Vehicle Loans from Financial Institute amounting to Rs.612,907 (March 31, 2013: Rs.839,822) are secured by Hypothecation of Vehicles.		Principal repayable in 60 equal monthly installments along with Interest. Applicable Rate of Interest is @ 11%/10.75%. 1st installment due from Nov.2010/ June.2011.			
<i>(Amount in Rupees)</i>					
2.04 DEFERRED TAX LIABILITIES (NET)		As at March 31,			
		2014	2013		
Deferred Tax Assets					
Provision for Gratuity		362,116	415,802		
Disallowances Under Income Tax Act 1961		270,451	239,946		
Income earned during the Pre-commencement period		237,267			
Total (A)		869,834	893,015		
Deferred Tax Liability					
Difference between book and tax depreciation		2,887,927	3,296,293		
Total (B)		2,887,927	3,296,293		
Total (C)		2,018,093	2,403,278		
<p>In the absence of virtual certainty of availability of taxable business income in near future against which the deferred tax assets can be adjusted, the Company has not recognized deferred tax assets on unabsorbed depreciation and business losses.</p> <p style="text-align: right;"><i>(Amount in Rupees)</i></p>					
2.05 PROVISIONS		Long Term		Short Term	
		As at March 31,		As at March 31,	
		2014	2013	2014	2013
Provision for Employee Benefits					
Gratuity		1,096,953	1,277,483	74,944	68,156
Leave Encashment		762,935	686,411	112,310	90,113
		1,859,888	1,963,894	187,254	158,269

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<i>(Amount in Rupees)</i>		
2.06 SHORT-TERM BORROWINGS	As at March 31,	
	2014	2013
Loans repayable on demand		
Secured		
Working Capital Loans repayable on demand from a bank	-	2,504,939
Cash Credit with Bank	888,072	1,886,211
	888,072	4,391,150
The Loan is secured against Hypothecation of Book Debts, Headend Equipments & Fixed Deposit Receipt of Rs. 33.61 Lakhs (March 31,2013 : 33.61 Lakhs)		
<i>(Amount in Rupees)</i>		
2.07 TRADE PAYABLES	As at March 31,	
	2014	2013
Trade Payables*	66,648,321	43,031,967
	66,648,321	43,031,967
*As per the information available with the Company, none of the creditors qualify as supplier under The Micro, Small and Medium Enterprises Development Act, 2006 ("the Act") and accordingly no disclosure is made pursuant to section 22 of the Act.		
<i>(Amount in Rupees)</i>		
2.08 OTHER CURRENT LIABILITIES	Short Term	
	As at March 31,	
	2014	2013
Current maturities of Long Term Debts (Refer Note No.2.03)	253,592	336,497
Payable for Capital Goods	4,003,921	4,200,802
Overdrawn Bank Balance as per Books	1,507,797	2,096,440
Security Deposits Received	5,538,818	5,479,821
Income received in advance	3,958,112	3,539,847
Statutory Payables	3,302,565	1,801,093
Payables to Employees	3,211,411	3,423,968
Outstanding Liabilities for Expenses	2,245,417	2,343,905
	38,287,083	23,222,373

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

FIXED ASSETS

(Amount in Rupees)

	Gross Block (at Cost)			Depreciation/Amortisation/Impairment			Net Block		
	As at 1-Apr-13	Additions During the year	Deductions During the year	As at 31-Mar-14	As at 1-Apr-13	Additions During the year	Deductions During the year	As at 31-Mar-14	As at 31-Mar-13
2.09 TANGIBLE ASSETS									
Plant and Machinery	93,772,268	5,927,241	8,336,766	91,362,743	58,857,092	5,415,645	7,052,823	34,142,829	34,915,177
Air Conditioners	1,105,996	-	-	1,105,996	474,080	87,900	-	544,016	631,919
Structural Fittings	108,275	-	-	108,275	108,275	-	-	-	-
Furniture and Fixtures	4,827,197	-	-	4,827,197	3,813,354	183,827	-	830,016	1,013,843
Mobile, Pagers and Telephone	427,961	50,658	-	478,619	340,337	26,254	-	112,028	87,624
Computers	3,168,918	569,960	8,600	3,730,278	2,686,179	313,265	8,581	739,416	482,739
Office Equipments	871,109	6,037	-	877,146	409,583	67,746	-	399,817	461,526
Electrical Fittings	323,404	-	-	323,404	203,933	15,923	-	98,548	114,471
Motor Vehicles	3,581,791	-	573,602	3,008,189	2,118,065	376,670	424,095	937,549	1,463,726
Total	108,186,919	6,553,896	8,918,968	105,821,847	69,015,898	6,487,230	7,485,499	37,804,219	39,171,024
Previous Year	100,812,675	7,569,605	195,362	108,186,918	62,899,254	6,252,289	135,646	39,171,021	37,913,421
CWIP	-	-	-	-	-	-	-	623,712	1,012,359
Total	-	-	-	-	-	-	-	623,712	1,012,359
Previous year	-	-	-	-	-	-	-	1,012,359	477,914

FIXED ASSETS

(Amount in Rupees)

2.10 INTANGIBLE ASSETS	←-----Gross Block (at Cost)-----→				←----Depreciation/Amortisation/Impairment----→				←---Net Block---→	
	As at 1-Apr-13	Additions During the year	Deductions During the year	As at 31-Mar-14	As at 1-Apr-13	Additions During the year	Deductions During the year	As at 31-Mar-14	As at 31-Mar-14	As at 31-Mar-13
Goodwill	15,247,081	-	100,000	15,147,081	7,665,756	3,037,188	100,000	10,602,944	4,544,137	7,581,325
Cable Television Franchisee	26,346,020	-	-	26,346,020	17,675,346	1,317,300	-	18,992,646	7,353,374	8,670,674
Softwares	624,660	-	-	624,660	409,201	53,865	-	463,066	161,594	215,459
Total	42,217,761	-	100,000	42,117,761	25,750,303	4,408,353	100,000	30,058,656	12,059,105	16,467,458
Previous Year	42,217,761	-	-	42,217,761	21,311,769	4,438,533	-	25,750,302	16,467,459	20,905,992

Note:

Range of remaining period of amortisation of Intangible Assets is as below:	1 to 5 years	5 to 10 years	Total WDV
Goodwill	4,544,137	-	4,544,137
Cable TV Franchisee	6,586,500	766,874	7,353,374
Softwares	161,594	-	161,594

Based on factors such as past experience, industry trends, value added services and quality of services provided by the Company, trends in other countries, various changes proposed in the regulations governing the industry, future business plans, estimated residual value etc., the Company is of the opinion that the useful life of the Cable Television Franchisee acquired by the company will exceed twenty years. Accordingly, the same has been amortised over a period of twenty years from date of acquisition.

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<i>(Amount in Rupees)</i>				
2.11 NON-CURRENT INVESTMENTS	As at March 31,		As at March 31,	
	2014		2013	
	Quantity	Rupees	Quantity	Rupees
Other Investments (valued at cost)				
Unquoted				
Investment in Government Securities				
NSC (Pledged with Government Authorities)	-	121,000	-	121,000
	-	121,000	-	121,000
<i>(Amount in Rupees)</i>				
2.12 TRADE RECEIVABLES	Non- current		Current	
	As at March 31,		As at March 31,	
	2014	2013	2014	2013
Unsecured (considered good to the extent not provided for)				
Unsecured, considered good	-	-	32,859,589	43,515,757
Doubtful	20,796,517	12,416,331	-	-
	20,796,517	12,416,331	32,859,589	43,515,757
Less: Provision for Doubtful Receivables	18,848,056	12,127,126	-	-
	1,948,461	289,205	32,859,589	43,515,757
Outstanding for a period exceeding 6 months from date they are due for payment	-	-	4,790,224	21,271,760
Other receivables	-	-	28,069,365	22,243,997
	1,948,461	289,205	32,859,589	43,515,757

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<i>(Amount in Rupees)</i>				
2.13 LONG-TERM LOANS AND ADVANCES	Long Term		Short Term	
	As at March 31,		As at March 31,	
	2014	2013	2014	2013
CAPITAL ADVANCES				
Unsecured, considered good unless stated otherwise				
Advance for Network Acquisitions	10,131,627	10,147,627	-	-
	10,131,627	10,147,627	-	-
Less: Provision for doubtful advances	4,389,627	1,000,000	-	-
Total (A)	5,742,000	9,147,627	-	-
SECURITY DEPOSITS				
Unsecured, considered good				
Security Deposits	2,933,784	3,020,615	-	-
Total (B)	2,933,784	3,020,615	-	-
OTHER LOANS AND ADVANCES				
Secured, considered good				
Unsecured, considered good unless stated otherwise				
Prepaid expenses	-	224,504	1,286,182	1,063,575
Staff Advances	-	-	319,798	519,162
Sundry Advances	-	-	221,522	10,000
Service Tax Claimable	-	-	8,385,758	1,664,797
Taxes Paid (Net of Provision)	11,666,687	5,875,060	2,668,428	3,264,959
Cenvat Receivable	-	-	914,585	3,023,604
Total (C)	11,666,687	6,099,564	13,796,273	9,546,097
Total (A+B+C)	20,342,471	18,267,806	13,796,273	9,546,097
<i>(Amount in Rupees)</i>				
2.14 OTHER ASSETS	Non- current		Current	
	As at March 31,		As at March 31,	
	2014	2013	2014	2013
Unsecured, considered good unless stated otherwise				
Fixed Deposit with Bank (Refer Note No. 2.16)	3,370,187	3,990,219	-	-
Other Receivables	192,955	-	3,660	-
Interest accrued but not due	192,360	141,518	405,733	110,790
	3,755,502	4,131,737	409,393	110,790

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<i>(Amount in Rupees)</i>				
2.15 INVENTORIES	As at March 31,			
	2014		2013	
Stock-in-Trade				
CATV - Set Top Boxes	87,916	60,450		
	87,916	60,450		
Set Top Boxes are valued at lower of cost or net realizable value.				
<i>(Amount in Rupees)</i>				
2.16 CASH AND BANK BALANCES	Non- current		Current	
	As at March 31,			
	2014	2013	2014	2013
Cash & Cash Equivalents				
Balance with Bank				
In Current Accounts	-	-	1,568,769	1,577,319
Cash on hand	-	-	3,806,721	1,673,742
Total (A)	-	-	5,375,490	3,251,061
Other Bank Balance				
Fixed Deposits with original maturity greater than 3 months*	3,370,187	3,990,219	679,986	-
Total (B)	3,370,187	3,990,219	679,986	-
Less: Amount disclosed under non current asset (Note No.2.14)	3,370,187	3,990,219	-	-
Total (A+B+C)	-	-	6,055,476	3,251,061
<p>*Out of the above Fixed deposits with Bank of Maharashtra, deposits of Rs. 637,380 (Previous year Rs.582,662) is given as security against outstanding bank Guarantees and deposits of Rs.3,361,440 (Previous year Rs. 3,361,440) is given as security against cash credit limit with the said bank.</p>				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<i>(Amount in Rupees)</i>		
3.01 REVENUE FROM OPERATIONS	For the year ended March 31,	
	2014	2013
<u>Sale of services</u>		
Subscription Income	161,314,912	167,617,481
Advertisement Income	417,631	511,242
Rental Income on Equipments	472,457	688,709
	162,205,000	168,817,432
<u>Sale of products</u>		
Sale of Access Devices	436,686	13,539,584
	436,686	13,539,584
<u>Other operating revenues</u>		
Other Operational Income	122,437	-
	122,437	-
	162,764,123	182,357,016
<i>(Amount in Rupees)</i>		
3.02 OTHER INCOME	For the year ended March 31,	
	2014	2013
Interest on Fixed Deposits	394,308	322,890
Interest on Loans	12,551	11,067
Interest on Income Tax Refund	264,047	373,841
Amount No Longer Payable Written Back	240,380	-
Miscellaneous Income	157,391	98,019
	1,068,677	805,817
<i>(Amount in Rupees)</i>		
3.03 PURCHASE OF STOCK-IN-TRADE	For the year ended March 31,	
	2014	2013
Purchase of Access Device	490,465	10,220,125
	490,465	10,220,125

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<i>(Amount in Rupees)</i>		
3.04 CHANGES IN STOCK-IN-TRADE	For the year ended March 31,	
	2014	2013
Changes in Stock-in-Trade	(27,466)	926,449
	(27,466)	926,449
<i>(Amount in Rupees)</i>		
3.05 OPERATIONAL EXPENSES	For the year ended March 31,	
	2014	2013
Bandwidth and Lease Line Cost	12,771,006	11,842,428
Consultancy Charges	1,877,600	1,792,100
Commission	294,486	322,685
Feed charges	20,024,060	1,239,300
Other Operating Expenses	7,650,959	19,251,359
Pay Channel Cost	73,518,520	84,496,610
Repairs and Maintenance (Plant and Machinery)	2,115,624	2,261,552
Rent	4,117,175	4,040,339
Software and Programming Cost	67,201	127,988
Digital STB Subscription Expense	9,500,490	3,253,180
Hire Charges	173,380	-
Transport Charges	34,291	46,710
	132,144,792	128,674,251
<i>(Amount in Rupees)</i>		
3.06 EMPLOYEE BENEFITS EXPENSE	For the year ended March 31,	
	2014	2013
Salaries and wages	20,019,892	18,582,924
Contribution to provident and other fund	1,286,855	1,264,808
Staff Welfare	213,458	352,782
	21,520,205	20,200,514

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<i>(Amount in Rupees)</i>		
3.07 OTHER EXPENSES	For the year ended March 31,	
	2014	2013
Advertisement and Promotion expenses	65,533	1,302,930
Business Promotion Expenses	310,717	636,837
Communication Charges	703,631	752,541
Conveyance	3,357,228	3,173,652
Donation	-	42,452
Electricity Expenses	3,002,951	3,584,004
Insurance Charges	101,739	45,530
Legal and Professional Charges	404,590	300,036
Assets written off	1,094,397	-
Loss on disposal / shortage of assets	251,024	44,325
Miscellaneous Expenses	474,251	349,700
Printing and Stationery	704,309	655,801
Preliminary Exp Written Off	35,210	35,210
Rates and taxes	5,855,601	5,516,781
Rent - Offices	236,900	240,500
Repairs and Maintainance (Others)	503,860	958,026
Service Charges	2,159,733	2,088,000
Office Expenses	4,296,940	2,803,605
Sundry Advances Written Off	9,361	-
Interest on Taxes	48,739	-
Sitting Fees	149,000	178,000
Provision for Bad and Doubtful debts	11,750,000	4,100,000
Auditor's Remuneration		
- Taxation Matters	75,000	50,000
- Statutory Audit Fees	314,000	249,000
	35,904,714	27,106,930
<i>(Amount in Rupees)</i>		
3.08 DEPRECIATION AND AMORTISATION	For the year ended March 31,	
	2014	2013
Depreciation on Tangible Assets	6,487,230	6,252,289
Amortisation of Intangible Assets	4,408,353	4,438,533
	10,895,583	10,690,822

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<i>(Amount in Rupees)</i>		
3.09 FINANCE COST	For the year ended March 31,	
	2014	2013
Interest and Finance Charges	147,980	172,459
Bank Charges	161,687	173,597
	309,667	346,056
<i>(Amount in Rupees)</i>		
3.10 PRIOR PERIOD ADJUSTMENTS	For the year ended March 31,	
	2014	2013
Expenses of earlier years debited to Statement of Profit and Loss		
Bonus	55,460	-
Maintenance material consumed	16,310	6,240
Royalty	21,000	106,813
Income of earlier years reversed and debited to Statement of Profit and Loss		
Royalty	131,601	-
STBAMC	28,894	-
Subscription Income	125,000	-
Total (A)	378,265	113,053
Income of earlier years credited to Statement of Profit and Loss		
Placement Income	3,404	250,000
Subscription Income	78,112	-
Expenses of earlier years reversed and credited to Statement of Profit and Loss		
Bonus	194,845	-
Royalty	14,700	707,723
Electricity	-	90,000
Telephone	-	30,000
Commission	-	15,306
License Fees	-	591,467
Cassette Hire Charges	-	56,000
Total (B)	291,061	1,740,496
Net Debit / (Credit) to Statement of Profit and Loss (A-B)	87,204	(1,627,443)

Notes forming part to Consolidated Financial Statements**4.01 List of Subsidiary held directly and Company's effective Ownership**

Subsidiary directly held and Company's effective Shareholding therein	Date of Investment	31st March 2014	31st March 2013
Hathway Bhawani NDS Network Pvt. Ltd.	13.10.2010	51.00%	51.00%
Hathway Bhawani Sai Network Pvt. Ltd. *	03.11.2011	1.00%	1.00%

* The company is consolidated on account of Board control.

4.02 The Trade Receivables includes amount due from disconnected / inactive customers and outstanding in excess of one year. The Company is taking adequate steps for recovery of overdue debts and advances and wherever necessary, adequate provisions have been made. In the opinion of the Board, Loans & Advances, Trade Receivables and all other Assets have a realizable value in the ordinary course of business not less than the amount at which they are stated in the Balance Sheet.

4.03 CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for aggregate to Rs.Nil (P.Y.Nil).

The Company in its ordinary course of business has promoted / acquired interest in various entities. Considering the long-term involvement of the Company in these entities and strategic impact it has on the business of the Company, the Company has committed to provide operating and financial support to these entities.

4.04 CONTINGENT LIABILITIES

- (a) Claims against the Company not acknowledged, as debts are Rs.2,100,000/- (Previous Year Rs. 2,100,000/-).
- (b) Outstanding Bank Guarantees Rs.1,200,000/- (Previous YearRs.1,200,000/-).

4.05 EMPLOYEE BENEFITS

- (a) Defined Benefit Plans:

The present value of the defined benefit obligations and the related current service cost were measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

The following table provides the disclosures in accordance with Revised AS 15.

Reconciliation of opening and closing balance of the present value of the defined benefit obligation and plan assets:

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

Category	As at 31st March 2014 [Gratuity (Rs.)]	As at 31st March 2013 [Gratuity (Rs.)]
1 Change in benefit obligations:		
Projected benefit obligations at beginning of the year	1,345,639	998,157
Current Service Cost	191,541	143,082
Interest Cost	121,000	96,220
Benefits Paid	(460,445)	(11,492)
Actuarial (Gain) / (Loss)	(25,838)	119,672
Past Service Cost	-	-
Projected benefit obligations at end of the year	1,171,897	1,345,639
2 Change in plan assets:		
Contributions by Employer	460,445	11,492
Benefits Paid	(460,445)	(11,492)
3 Reconciliation of present value of the obligation and the fair value of plan assets		
Present value of the defined benefit obligations at the end of the year	1,171,897	1,345,639
Liability / (Asset) recognised in the Balance Sheet	1,171,897	1,345,639
4 Cost for the year		
Current Service Cost	191,541	143,082
Interest Cost	121,000	96,220
Actuarial (Gain) / (Loss)	(25,838)	119,672
Net Cost recognised in the Statement of Profit and Loss	286,703	358,974
5 Assumptions		
Interest rate for discount	9.35%	8.05%
Estimated rate of return on plan assets	0%	0%
Mortality	LIC (94-96) Mortality Table	LIC (94-96) Mortality Table
Salary Escalation	7%	7%

b) Defined Contribution Plans:

“Contribution to provident and other funds” is recognised as an expense in Note No.3.06 of the Statement of Profit and Loss.

Benefits	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Defined benefit obligation	1,171,897	1,345,639	998,157	823,795	692,852
Plan assets	-	-	-	-	-
Surplus/(Deficit)	(1,171,897)	(1,345,639)	(998,157)	(823,795)	(692,852)
Experience adjustment on obligation - gain/(loss)	164,277	25,477	22,827	(6,412)	(170,749)
Experience adjustment on plan assets - gain/(loss)	-	-	-	-	-
Experience adjustment (best estimate) to funded plans in subsequent finance year	-	-	-	-	-

4.06 SEGMENTAL REPORTING

The Company is a Multi System Operator providing Cable Television Network Services, Internet Services and allied services which is considered as the only reportable segment. The Company's operations are based in India.

4.07 RELATED PARTY DISCLOSURES

- I. Enterprise where control exists:
 - a) Hathway Cable & Datacom Ltd.
- II. Other related parties with whom the Company had transactions.
 - a) Mr. Kuldeep Puri as Managing Director – Key Management Personnel
 - b) Mr. Kulbhushan Puri as Karta of M/s Kulbhushan Puri HUF -
Relative of Managing Director

(Rupees)

Description	Enterprises where Control exists	Management Key Personnel	Relatives of Key Management Personnel
1. Remuneration paid - Mr. Kuldeep Puri	Nil (Nil)	1,440,000 (1,335,000)	Nil (Nil)
2. Consultancy paid - Mr. Kulbhushan Puri HUF	Nil (Nil)	Nil (Nil)	1,500,000 (1,395,000)
3. Reimbursement of expenses paid - Mr. Kuldeep Puri	Nil (Nil)	307,256 (139,887)	Nil (Nil)
Mr. Kulbhushan Puri HUF	Nil (Nil)	Nil (Nil)	409,262 (399,671)

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

4. Purchase of assets/STB Hathway Cable & Datacom Ltd.	490,667 (10,148,889)	Nil (Nil)	Nil (Nil)
5. Advertisement revenue/Placement Fees Hathway Cable & Datacom Ltd.	56,100,000 (29,333,331)	Nil (Nil)	Nil (Nil)
6. Other transaction/ Lease Rent CMTS Hathway Cable & Datacom Ltd.	29,163,704 (18,711,787)	Nil (Nil)	Nil (Nil)
7. ISP Access Expenses Hathway Cable & Datacom Ltd.	6,145,186 (6,739,020)	Nil (Nil)	Nil (Nil)
8. Outstanding balance:			
- Payable to Hathway Cable & Datacom Ltd.	33,292,414 (3,691,707)	Nil (Nil)	Nil (Nil)
- Unsecured Loan Hathway Cable & Datacom Ltd.	14,265,348 (Nil)	Nil (Nil)	Nil (Nil)
- Payable to Mr.Kuldeep Puri	Nil (Nil)	216,000 (517,991)	Nil (Nil)
- Payable to Mr.Kulbhushan Puri	Nil (Nil)	Nil (Nil)	120,258 (534,258)

4.08 LEASES

The Company has leasing arrangements in terms of Accounting Standard 19 on "Leases as applicable. These leasing arrangements, which are cancellable, range between 11 month to 33 months and are usually renewable by mutual consent on mutually agreeable terms. The amount of such lease rentals Expenses debited to the Statement of Profit and Loss Rs.4,117,175/- (Previous Year Rs.4,040,339/-).

4.09 EARNINGS PER SHARE

Particulars	Current Year	Previous Year
Profit \ (Loss) after tax (including prior period adjustment and adjustment for short provision of earlier years) – (Rs.)	(38,555,121)	(11,082,971)
No. of ordinary shares (No.'s)	8,000,000	8,000,000
Nominal value of ordinary shares (Rs.)	10	10
Basic & Diluted Earnings per share (Rs.)	(4.82)	(1.39)

4.10 Pursuant to introduction of DAS, in terms of TRAI Regulations the Company is required to inter alia generate subscriber level billing and enter into inter connect agreements with local cable operators with effect from 1st November 2012. However due to market conditions, the Company had still to fully implement the regulations as stipulated by TRAI. Accordingly, Subscription income recognized by the management for the period beginning from 1st November 2012 amounting to Rs. 447.29 Lacs is on their best estimate basis. The management has reviewed the outstanding receivables and are certain that it is stated at realizable amount and no provisions / reversal is required.

4.11 Supplementary statutory information required to be given pursuant to Clause 32 of the listing agreement -Nil.

4.12 Previous year figures have been rearranged and regrouped wherever necessary.

As per our Report of even Date

For G. M. Kapadia & Co.
Chartered Accountants

For and on behalf of the Board

(Viren Thakkar)
Partner

(Samson Jesudas)
Managing Director

(Milind Karnik)
Director

Place : Mumbai
Dated : May 26, 2014

Place : Mumbai
Dated : May 26, 2014

ATTENDANCE SLIP

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Hathway Bhawani Cabletel & Datacom Limited

CIN: L65910MH1984PLC034514

Rahejas, 4th Floor, Corner of V. P. Road and Main Avenue Road, Santacruz (West)

Tel: 91-22-26001306 Fax: 91-22-26001307

E-mail: investors.bhawani@hathway.net

Registered Folio No./ DP ID No. / Client ID No.; _____

Number of Shares held: _____

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the 30th Annual General Meeting of the Company at Ground Floor, Windsor, Off CST Road, Kalina, Santacruz East, Mumbai 400098 on Wednesday, 10th September, 2014 at 3.00 p.m.

Name of the member / proxy

Signature of member / proxy

Please fill up the attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the AGM.

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies(Management and Administration) Rules, 2014]

Hathway Bhawani Cabletel & Datacom Limited

CIN: L65910MH1984PLC034514

Rahejas, 4th Floor, Corner of V. P. Road and Main Avenue Road, Santacruz (West)

Tel: 91-22-26001306 Fax: 91-22-26001307

E-mail: investors.bhawani@hathway.net

30th Annual General Meeting

Name of the Member(s) :

Registered Address :

Email :

Folio No. / Client ID :

DP ID :

I/We, being the member (s) ofshares of the above named company,
hereby appoint

1. Name : E-mail Id :
Address :
Signature :.....

or failing him

2. Name : E-mail Id :
Address :
Signature :.....

or failing him

3. Name : E-mail Id :
Address :
Signature :.....

affix
1 Rupee
Revenue
Stamp

Hathway Bhawani Cabletel & Datacom Limited

CIN: L65910MH1984PLC034514

Rahejas, 4th Floor, Corner of V. P. Road and Main Avenue Road, Santacruz (West)
Tel: 91-22-26001306 Fax: 91-22-26001307 E-mail: investors.bhawani@hathway.net

30th Annual General Meeting

Name and Registered Address of the Sole / First named shareholder	:
Registered Folio No. / DPID No. and Client ID No.	:
Number of Share (s) held	:
I/We hereby exercise my / our vote(s) in respect of the Resolutions set out in the Notice of the 30 th Annual General Meeting of the Company to be held on Wednesday, 10th September, 2014, by giving my/our assent or dissent to the said Resolutions by placing the tick (") mark at the appropriate box below:	

Reso lution No.	Particulars	Voting		
		For	Against	Abstain
	ORDINARY BUSINESS			
1	Adoption of audited Balance Sheet, Profit & Loss Accounts, Report of Directors Report and Auditors Report for the financial year ended 31 st March 2014.			
2	To appoint a Director in place of Mr. Kuldeep Puri, liable to retire by rotation and being eligible seeks reappointment			
3	To appoint M/s. G. M. Kapadia & Co., Chartered Accountants as Auditors of the Company.			
	SPECIAL BUSINESS			
4	Alteration of Articles of Association of the Company by adoption of new set of Articles of Association			
5	To appoint Mr. Dilip Worah as an Independent Director upto September 9, 2019			
6	To appoint Mr. L. K. Kannan as an Independent Director upto September 9, 2019			
7	To appoint Mr. Hetal Thakore as an Independent Director upto September 9, 2019			
8	To approve the preferential allotment of equity shares under section 42 and 62(1)(c) of the Companies Act, 2013 to Hathway Cable & Datacom Limited			

Signed this ____ day of _____ 2014 Signature of shareholder _____

Place: _____