

INDEPENDENT AUDITOR'S REPORT

To The Members of HATHWAY CABLE & DATACOM LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **HATHWAY CABLE & DATACOM LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities (as defined in the Companies (Accounting Standards) Rules, 2006), comprising of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates and jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Governing Bodies of the entities included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are

required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section (10) of the Section 143 of the Act. 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 the 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at March 31, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to:

- a) Note no. 4.02A(i) and 4.02A(v) to consolidated financial statements regarding exclusion of certain entities by

the management from consolidation on account of outstanding disputes and also considering the fact that the amount invested and advanced by the Company to these entities have been impaired;

- b) Note no. 4.02A(ii) and 4.02A(iv) to consolidated financial statements regarding exclusion of certain joint ventures partnership firms of one of the subsidiary and of certain step-down subsidiaries of the Company from consolidation since the date from which such subsidiary and certain step-down subsidiaries became partner on account of criteria of effective joint control could not be fulfilled;
- c) Note no. 4.21 to consolidated financial statements to the consolidated financial statements relating to manner and basis of recognition of subscription income in respect of Cable Television business; and
- d) As stated in Note no. 4.02B to the consolidated financial statements relating to non-availability of audited financial statements of seven subsidiaries the consolidated financial statements are prepared considering the provisional management accounts of these subsidiaries. Such management accounts of these subsidiaries reflect total assets of ₹131.46 crores as on March 31, 2015 and total revenues of ₹ 87.48 crores and net cash inflows amounting to ₹ 3.17 crores for the year ended on that date, as considered in these consolidated financial statements. Amounts and disclosures included in respect of these subsidiaries, is based solely on the unaudited information provided by the management of the Company.

Our opinion is not qualified in respect of these matters.

Other Matters

- a) We did not audit the financial statements / consolidated financial statements of twenty eight subsidiaries, whose audited financial statements / consolidated financial statements reflect total assets of ₹ 1212.93 crores as on March 31, 2015 and total revenues of ₹ 703.75 crores and net cash inflows amounting to ₹ 22.68 crores for the year ended March 31, 2015, as considered in the preparation of the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of other auditors.
- b) Apart from above, as stated in Note no. 4.02 B of the consolidated financial statement and para (d) of the

Emphasis of the matter paragraph above, we did not audit the financial statements / consolidated financial statements of seven subsidiaries, whose financial statements / consolidated financial statements reflect total assets of ₹131.46 crores as on March 31, 2015 and total revenues of ₹87.48 crores and net cash inflows amounting to ₹3.17 crores for the year ended March 31, 2015, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' report of the Holding Company, subsidiary companies, associate companies and jointly controlled companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by sub-section (3) of Section 143 of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated

Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account, working and records maintained for the purpose of preparation of the consolidated financial statements;

- (d) In our opinion the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled Entities incorporated in India is disqualified as on March 31, 2015 from being appointed as a director in terms of sub-section (2) of the Section 164 of the Act; and
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities— Refer Note 4.11 to the consolidated financial statements;
- ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts - Refer Note 4.24 to the consolidated financial statements in respect of such items; and
- iii. There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate companies and jointly controlled Entities incorporated in India.

For G. M. Kapadia & Co.
Chartered Accountants

(Firm Registration No.104767W)

Viren Thakkar

Partner

Mumbai

Dated: May 29, 2015

(Membership No. 49417)

CORPORATE OVERVIEW

PROFILE OF BOARD OF DIRECTORS

5-YEAR HIGHLIGHTS

NOTICE OF THE ANNUAL GENERAL MEETING

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ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in Paragraph 1 under "Other Legal and Regulatory Requirements" of our report of even date)

With respect to Hathway Cable and Datacom Ltd ("Holding Company"), its subsidiaries, associate companies and jointly controlled companies incorporated in India to whom the provisions of the Order apply (hereinafter collectively referred to as "covered companies"), we report as follows:

i. (a) The covered companies have maintained records of fixed assets showing particulars of assets including quantitative details and location except in case of certain types of distribution equipments like cabling, line equipments, access devices with subscribers. As explained to us by the management, nature of such assets and business is such that maintaining location-wise particulars is impractical;

(b) Distribution equipments like cabling and other line equipments of selected networks were verified. The management of covered companies plans to verify balance networks in a phased manner. Fixed assets, other than distribution equipments and access devices with the subscribers / local cable operators were physically verified during the year based on revised verification programme adopted by the management of covered companies. As per this programme, certain categories of assets were verified and balance will be verified in subsequent two years. The management of Holding Company has represented that physical verification of access devices with the subscribers / local cable operators is impractical, however, the same can be tracked, in case of most of the networks, through subscribers management system;

The covered companies have initiated the process of reconciliation of book records with outcome of physical verification, wherever physical verification was carried out and have accounted for the discrepancies observed on such verification.

In our opinion, in case of the Holding Company the frequency and procedure for verification of distribution equipments and certain Head-end Equipments under the control of local cable operators and subsequent reconciliation with book records need to be strengthened;

ii. (a) The inventories have been physically verified by the management of covered companies during the year;

(b) In our opinion and according to the information and explanation given to us, the frequency of verification and procedures of physical verification followed by the management of covered companies are reasonable and adequate in relation to the size of the Company and the nature of its business;

(c) In our opinion and according to the information and explanation given to us, the covered companies are maintaining proper records of such inventory. We have been informed that discrepancies observed on physical verification between the stocks and the book records were not material;

iii. The Holding Company and one of the subsidiary viz. Hathway Datacom Central Private Limited has granted unsecured loan to companies covered in the register maintained under section 189 of the Act. In respect of these loans, the recovery of principal and interest amount has not fallen due;

iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system with regards to purchases of the inventory and fixed assets and sale of goods and services. The management of the holding Company 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 respective covered company and the nature of its business. During the course of our audit, we and other respective statutory auditors of covered companies have not observed any other continuing failure to correct major weakness in internal controls;

v. In our opinion and according to the information and explanation given to us, the covered companies have not accepted deposits from the public and therefore, the provisions contained in sections 73 to 76 or any other relevant provisions of the Act and Rules framed there under are not applicable to the covered companies. We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal;

vi. The Central Government has prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of certain service activities of the Company. We and other respective statutory auditors have broadly reviewed the accounts and records of respective companies in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained by the respective companies. However, a detailed examination of the records has not been made by us or the statutory auditors of the respective companies with a view to determine whether they are accurate or complete;

- vii. (a) According to the information and explanations given to us and based on the records produced before us, the covered companies are regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues and there are no amounts outstanding as at March 31, 2015 for a period of more than six months from the date they become payable, except in the following subsidiaries;

(₹ in Crore unless otherwise stated)

Name of the Subsidiaries	Statutory Dues	Amount
Hathway Digital Saharanpur Cable and Datacom Private Limited	Additional License Fees Payable (Local Channel)	0.02
UTN Cable Communication Private Limited	Income Tax (TDS)	0.29
	Entertainment Tax	0.57
Hathway Krishna Cable Private Limited	Entertainment Tax	0.18
	Income Tax (TDS)	0.17

- (b) According to the information and explanation given to us, the details of dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise or cess which have not been deposited with the concerned authorities on account of dispute are given below:

Hathway Cable & Datacom Limited

(₹ in Crore unless otherwise stated)

Sr. No.	Name of Statute	Nature of Dues	Forum where dispute is Pending	Period to which it relates	Demand Amount
1	Bombay Entertainments Duty Act, 1923	Entertainment Tax & penalty thereon, Thane	Entertainment Tax Department, Thane	June 2006 to May 2007	0.89
2	Bombay Entertainments Duty Act, 1923	Entertainment Tax	Court of Divisional Commissioner, Aurangabad division	May 2009 to October 2010	1.59 ¹
3	Hyderabad Entertainment Duty Act, 1939	Entertainment Tax	Andhra Pradesh High Court	May 2005 to June 2006	0.58
4	Uttar Pradesh Entertainment Tax Rules	Entertainment Tax	District Magistrate, Agra	July 2013 - January 2014 and April 2014 - September 2014	1.38
5	Uttar Pradesh Entertainment and Betting Act, 1979	Entertainment Tax	District Magistrate, Ghaziabad	April 2013 to January 2014	1.41
6	The Maharashtra Value Added Tax, 2002	Value Added Tax	Maharashtra VAT Tribunal	April 2008 to March 2009	0.68 ²
7	The Maharashtra Value Added Tax, 2002	Value Added Tax	Maharashtra VAT Tribunal	April 2010 to March 2011	3.01 ³
8	Finance Act, 1994	Service Tax	Service Tax Department	April 2003 to March 2004	0.16
9	Madhya Pradesh Vilasita Manoranjan, Amod Evam Vigyapan Kar Adhinyam, 2011	Commercial Taxes	Settlement Authority	July 01, 2011 to March 17, 2012	0.81 ⁴

(₹ in Crore unless otherwise stated)

Sr. No.	Name of Statute	Nature of Dues	Forum where dispute is Pending	Period to which it relates	Demand Amount
10	Andhra Pradesh Value Added Tax, 2005	Value Added Tax	Sales Tax Appellate Tribunal, Andhra Pradesh	April 2008 to March 2009	18.05 ⁵
11	Delhi Entertainment & Betting Tax Act, 1966	Entertainment Tax	Delhi High Court	April 2013 to May 2013	5.95 ⁶
				June 2013 to March 2014	27.22
				April 2014 to March 2015	33.61
				December 2013 to September 2014	9.70
12	Maharashtra Entertainments Duty Act, 1923	Entertainment Tax	Writ Petition to Bombay High Court	Upto October,2014	4.57
13	The Karnataka Entertainments Tax Act, 1958	Value Added Tax	Writ Petition to Karnataka High Court	2011-12, 2012-13, 2013-14	10.28
14	Income Tax Act,1961	Tax Deducted at Source & interest thereon	Commissioner of Income Tax(Appeals)	April 2000 to March 2004	3.99 ⁷
15	Hyderabad Entertainment Duty Act, 1939	Entertainment Tax	Commissioner of Commercial Tax, Hyderabad	2009-10 to 2013-14	3.06 ⁴
16	Bombay Sales Tax Act, 1959	Sales Tax	Assistant Comm. Of Sales Tax, Appeals	1999-2000	0.007

¹Amount paid is ₹ 1.15²Amount paid is ₹ 0.23³Amount paid is ₹ 0.15⁴Amount demanded is fully paid⁵₹ 9.03 is paid as pre-deposit⁶Amount paid ₹ 3.14⁷Part payment made to department ₹ 1.99**GTPL Kolkata Cable and Broadband Pariseva Limited**

(₹ in Crore unless otherwise stated)

Sr. No.	Name of Statute	Nature of Dues	Forum where dispute is Pending	Period to which it relates	Demand Amount
1	West Bengal Value Added Tax	VAT	Sr. Joint Commissioner, Sales Tax , W.B	2011-2012	3.15

Hathway Bhaskar Multinet Private Limited

(₹ in Crore unless otherwise stated)

Sr. No.	Name of Statute	Nature of Dues	Forum where dispute is Pending	Period to which it relates	Demand Amount
1	Rajasthan Monaranjan & Vigyapan Kar Adhinyam, 1957	Entertainment Tax	Appeal to be filed before Hon'ble Supreme Court of India	March 2006 to December 2006	4.00
2	Rajasthan Monaranjan & Vigyapan Kar Adhinyam, 1957	Entertainment Tax	Rajasthan Tax board	January 2007 to March 2011	25.67
3	Madhya Pradesh Vilasita Monaranjan, Amod Evam Vigyapan Kar Adhinyam, 2011	Entertainment Tax	Hon'ble High Court of Madhya Pradesh Indore Bench	April 01, 2011 to February 27, 2012	7.95

Hathway Gwalior Cable and Datacom Private Limited

(₹ in Crore unless otherwise stated)

Sr. No.	Name of Statute	Nature of Dues	Forum where dispute is Pending	Period to which it relates	Demand Amount
1	Madhya Pradesh Vilasita, Manoranjan, Amod Evam Vigyapan Kar Adhinyam, 2011	Entertainment Tax	The Commercial Tax Officer, Professional Tax Circle, Gwalior	2011-12	0.27
2	Madhya Pradesh Vilasita, Manoranjan, Amod Evam Vigyapan Kar Adhinyam, 2011	Entertainment Tax	Commissioner-Commercial Tax, Member Secretary, Settlement Authority, M.G. Road, Indore	2011-12	0.81

Hathway Krishna Cable Private Limited

(₹ in Crore unless otherwise stated)

Sr. No.	Name of Statute	Nature of Dues	Forum where dispute is Pending	Period to which it relates	Demand Amount
1	Income Tax Act 1961	Income Tax	CIT (A) Mumbai	2001-02 2004-05	0.13 ⁸

⁸Amount Paid ₹ 0.07**Hathway Software Developers Private Limited**

(₹ in Crore unless otherwise stated)

Sr. No.	Name of Statute	Nature of Dues	Forum where dispute is Pending	Period to which it relates	Demand Amount
1	Income Tax Act 1961	Income Tax	CIT Appeal - 2 Mumbai	2010-11	0.04

Hathway ICE Television Private Limited

(₹ in Crore unless otherwise stated)

Sr. No.	Name of Statute	Nature of Dues	Forum where dispute is Pending	Period to which it relates	Demand Amount
1	Income Tax Act, 1961	Tax deducted at source and interest thereon	Income Tax Officer - TDS, Allahabad	2009-10	0.00 (₹ 35,100)
2	Income Tax Act, 1961	Tax deducted at source and interest thereon	Income Tax Officer - TDS, Allahabad	2010-11	0.00 (₹ 15,720)

UTN Cable Communication Private Limited

(₹ in Crore unless otherwise stated)

Sr. No.	Name of Statute	Nature of Dues	Forum where dispute is Pending	Period to which it relates	Demand Amount
1	Income Tax Act 1961	Income Tax	ITAT , Bangalore	2008-09	0.01
2	Income Tax Act 1961	Income Tax	CIT (A) III, Bangalore	2010-11	0.76

Hathway C-Net Private Limited

(₹ in Crore unless otherwise stated)

Sr. No.	Name of Statute	Nature of Dues	Forum where dispute is Pending	Period to which it relates	Demand Amount
1	Income Tax Act 1961	Income Tax	ITAT , Mumbai	2001-02 to 2004-05	0.07

Win Cable and Datacom Private Limited

(₹ in Crore unless otherwise stated)

Sr. No.	Name of Statute	Nature of Dues	Forum where dispute is Pending	Period to which it relates	Demand Amount
1	Income Tax Act 1961	Income Tax	ITAT , Mumbai	2001-02 to 2004-05	4.23

- (c) According to the information and explanation given to us, no amounts were required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder. Therefore, the provisions of clause (vii)(c) of paragraph 3 of the Order relating to transfer of amount to investor education and protection fund is not applicable;
- viii. On a consolidated basis, the Holding Company, its subsidiaries and jointly controlled company have accumulated losses at the end of the year which are not less than fifty percent of Net worth of the Group and have neither incurred cash losses during the financial year covered by our audit nor in the immediately preceding financial year;
- ix. Based on our audit procedure and according to the information and explanation given to us, we are of the opinion that none of the covered companies have defaulted in repayment of dues to the financial institutions and banks;
- x. According to the information and explanations given to us, none of the covered companies, except Holding Company and one of the subsidiaries viz. GTPL Hathway Private Limited, have given any guarantee for loans taken by others from banks or financial institutions. The Holding Company and the said subsidiary has given guarantee for loans taken by other group companies from a bank and others, the terms and conditions whereof, as explained to us, are not prima facie prejudicial to the interest of the respective companies;

- xi. Based on information and explanation given to us and based on overall review of the funds utilization, we are of the view that the covered companies have generally utilized funds for which they were obtained. However, in case of Holding Company, pending such utilization these funds have been temporarily utilized to reduce the short-term borrowings; and
- xii. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of audit by respective auditors of the covered companies except cases of

misappropriation of cash collection from the subscribers and fraudulent withdrawals of funds by employees aggregating to ₹ 0.02 crores.

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

Viren Thakkar

Partner

Mumbai

Dated: May 29, 2015

(Membership No. 49417)