

## REPORT OF THE AUDIT COMMITTEE OF HATHWAY CABLE & DATACOM LIMITED

Present

Annexure 4

- (a) Mr. Sridhar Gorthi, Chairman of the Audit Committee;
- (b) Mr. Viren Raheja, Member;
- (c) Mr. Sasha Mirchandani, Member;
- (d) Ms. Ameeta Parpia, Member.

### **1. Background**

Hathway Cable & Datacom Ltd ("HCDL") has placed before its audit committee a draft scheme of arrangement under sections 391 to 394 and other applicable provisions of the Companies Act, 1956 ("Act") between HCDL and Hathway Broadband Private Limited ("HBPL"), a wholly owned subsidiary of HCDL, and their respective shareholders ("Scheme"), for recommendation of the draft Scheme by the audit committee to the board of directors of HCDL, as required *vide* SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013 ("Circulars").

This report is made in order to comply with the requirements of the Circulars after considering, *inter alia*, the following:

- a. Draft Scheme;
- b. Valuation report dated 05<sup>th</sup> November, 2015 issued by M/s. J. B. Shah & Co, chartered accountants;
- c. Fairness opinion dated 05<sup>th</sup> November, 2015 issued by SPA Capital Advisors Ltd; and
- d. Audited financial statements of HCDL for the year ended 31<sup>st</sup> March, 2015.

### **2. Proposed Scheme**

The salient features of the draft Scheme are as under:

- a. This Scheme provides for the demerger of the business of HCDL as an internet service provider ("ISP Business"), the transfer and vesting of the ISP Business into HBPL, and the consequent payment of Rs. 980,500,000/- (Rupees Ninety Eight Crores Five Lakhs only) by HBPL to HCDL in consideration for the demerger, pursuant to the relevant provisions of the Act and in accordance with this Scheme.

- b. The proposed appointed date for the purposes of the Scheme will be 1<sup>st</sup> April, 2015 or such other date as the High Court and/ or the National Company Law Tribunal may direct or approve under the relevant provisions of the Act.
- c. Under the proposed Scheme, all assets and liabilities, licenses, approvals and manpower, etc. which are directly and exclusively relatable to the ISP Business shall be transferred from HCDL to HBPL.
- d. The accounting treatment to be followed for the Scheme will be as per generally accepted accounting principles.
- e. The Scheme would be effective pursuant to the approval of the Scheme by relevant authorities including the Securities and Exchange Board of India ("SEBI") through the designated stock exchange, the Hon'ble High Court at Mumbai, and the Department of Telecommunications, Ministry of Communications & Information Technology, Government of India.

**3. Recommendation of the Audit Committee**

The audit committee recommends the draft Scheme, taking into consideration, *inter alia*, the valuation report, for favorable consideration by the board of directors of HCDL, the stock exchange(s) and SEBI.



**SRIDHAR GORTHI**

**Chairman of the Audit Committee  
Hathway Cable & Datacom Limited**

**DATE: 06/11/2015**

**PLACE: Mumbai**