

DIRECTORS REPORT

CBSL CABLE NETWORKS LIMITED

Dear Members,

Yours Directors take pleasure in presenting the Fourth Annual Report of your Company together with the Audited Accounts for the year ended March 31, 2008.

Summary of Financial Results

The Summarized Financial Results for the year ended 31st March, 2008 are as under:- (Rs. In Lacs)

Particulars	For the Year ended 31.03.2008	For the Year ended 31.03.2007
Gross Income		
-Income from Operations	216.68	358.08
Other Income	1.30	0.58
Total	217.98	358.65
Expenses Before Depreciation	971.76	912.79
Depreciation	6.56	0.03
Loss for the year before Tax	760.34	554.18
Provision for Taxation	NIL	NIL
Fringe Benefits tax	1.26	4.06
Loss for the Year	761.60	558.24
Loss, brought forward from previous year	889.24	331.01
Loss carried to the Balance sheet	1650.84	889.24

Operations

The Company is engaged in the business of service provider and operator for distribution of Cable Television Network. The Company provides cable television to the subscribers.

The operations during the year have resulted loss primarily due to highly competitive scenario of analog cable distribution system and higher costs of infrastructure development and maintenance. After the close of financial year, the company has made strategic relationships with Digicable Network (India) Pvt. Ltd. a leading MSO. The association with Digicable will yield good returns in the time to come.

Dividend

The Company being in the initial years of operations, your Directors have not recommended any dividend for the year under review.

Change of Name of the Company

During the year, the name of the Company was changed from Connect Broadband Services Limited to CBSL Cable Networks Limited in order to reflect its nature of business.

Directors

Pursuant to the take over of management by M/s Digicable Network (India) Private Limited, Mr. Deepak Bajaj, Mr. Vijay Shah and Mr. Sisir Pillai have been appointed as Additional Directors on the Board on 16th April, 2008 and hold office upto the date of the ensuing Annual General Meeting. Mr. Surendra Lunia and Mr. G.D Singh have since resigned from the directorship of the Company w.e.f. 16th April, 2008. Your Directors place on record the appreciation of the valuable services provided by Mr. Surendra Lunia and Mr. G.D Singh as Directors on the Board.

Auditors

M/s Khandelwal Jain & Co., Chartered Accountants, the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

Public Deposits

During the Year under review, your Company has not accepted any deposits under the provisions of Section 58A of the Companies Act, 1956 and Rules made there under.

Share Capital

During the year under review, 55,00,000 Equity Shares of Rs.10/-each, at par, aggregating Rs.5,50,00,000 were allotted to HFCL Infotel Limited in lieu of advances received earlier.

Directors Responsibility Statement

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956.

your Directors confirm as under:

- i. that in the preparation of the annual accounts, for the months ended March 31, 2008, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. that the Directors had 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 at 31 March, 2008 and of the loss of the company for the said period;
- iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors had prepared the annual account on a going concern basis.

Personnel

During the year under review, none of the employees of the company was in receipt of remuneration of Rs. 2.00 Lacs per month or Rs. 24.00 Lacs in aggregate for the year. Accordingly, details under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not required to be annexed.

Conservation of Energy, Technology Absorption and Foreign Earnings/ Outgo.

The Company not being a manufacturing company, provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, information regarding conservation of Energy and Technology Absorption is not applicable as the Company does not have any manufacturing activity.

There is no foreign earnings/ outgo during the year.

Acknowledgements

Directors of the company wish to place their appreciation with gratitude and acknowledge the cooperation and support extended by the Shareholders, State Government, Business Associates, Department of Telecommunications and Regulatory Authorities.

Your Directors take this opportunity to put on record their sincere appreciation for the contribution made by the employees at all levels.

On behalf of the Board

Kamal Kumar Sharma
Director

Deepak Bajaj
Director

Place: New Delhi
Date: May 15, 2008

AUDITORS REPORT

To
 THE MEMBERS OF
 CBSL CABLE NETWORKS LIMITED
 (Formerly known as Connect Broadband Services Limited)

1. We have audited the attached Balance Sheet of CBSL CABLE NETWORKS LIMITED as at 31st March, 2008, the Profit & Loss Account and also the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Attention is invited to note no.1 of Schedule 14 to the accompanying financial statement, accounts has been prepared on going concern basis in spite of accumulated debit balance of profit and loss account resulted in negative net worth of Rs. 74,583,681/- as at 31st March 2008. Accordingly, the Company's ability to continue as a going concern is dependent upon infusion of long-term funds for its future operation.
5. Further to our comments in the Annexure referred to above paragraph, 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 purposes 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956
 - e) On the basis of written representations received from the directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on above date from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the other notes and the significant accounting policies thereon, give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
 - (ii) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Khandelwal Jain & Co.
 Chartered Accountants,

(Akash Shinghal)
 Partner
 Membership No.: 103490
 Place: New Delhi
 Dated: May 15, 2008

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of the Auditors Report of even date to the Members of CBSL CABLE NETWORKS LIMITED (Formerly known as Connect Broadband Services Limited) on the accounts for the year ended 31st March, 2008;

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situations of Fixed Assets.
- (b) As per the information and explanations given to us, there is a phased programme of physical verification of fixed assets adopted by the Company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable, having regard to the size of the Company and nature of its business.
- (c) During the year, the Company has not disposed off substantial part of the fixed assets.
- (ii) As the Company do not have any Inventory, Clause (ii) (a), (b) and (c) of the said Order is not applicable.
- (iii) (a) As per the information furnished, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, Clause 4 (iii) (b), (c) and (d) of the said Order is not applicable.
- (b) As per the information furnished, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, Clause 4 (iii) (e), (f) and (g) of the said Order is not applicable.
- (iv) In our opinion and according to information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v) Based on the audit procedure applied by us and according to the information and explanations provided by the management, during the year, there has been no contract or arrangement that needed to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly, Clause 4 (v)(b) of the said Order is not applicable.
- (vi) The Company has not accepted any deposits from the public within the meaning of the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules made there under.
- (vii) The paid up capital and reserves of the Company was less than Rs. 50 lacs at the commencement of the year and the average annual turnover of three financial years immediately preceding the current financial year has not exceed the five crore rupees. Accordingly provisions of clause 4 (vii) of the said order with respect to adequacy of internal audit system is not applicable.
- (viii) As per the information and explanation given to us, the Central Government has not prescribed maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956 in respect to the company's product.
- (ix) (a) According to the information and explanations given to us and records examined by us, undisputed statutory dues including provident fund, employees' state insurance, income tax deducted at source (TDS), service tax and Fringe Benefit Tax (FBT) dues have generally been regularly deposited with the appropriate authorities. According to information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2008 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company was incorporated on 2nd July 2004, since the Company is in existence for less than five years, we are of the opinion that no comment is required under clause (x) of Para 4 of the order regarding the erosion of 50% or more of networth and cash losses in the current and immediately preceding financial year.
- (xi) In our opinion and according to the information and explanation given to us, the Company has

- not taken any loan from any financial institution or bank and has not issued any debenture. Accordingly clause (xi) of Para 4 of the said order is not applicable.
- (xii) Based on our examination of the records and information and explanations 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) As per the information and explanations given to us the provisions of any Special Statute applicable to Chit Fund do not apply to the Company. The Company is also not a nidhi/mutual benefit fund/society.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) Based on our examination of the records and information and explanations given to us, the Company has not given any corporate/counter guarantees for loans taken by other, from bank and financial institutions.
- (xvi) The Company has not raised any term loan during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company as at the end of the year, funds raised on short term basis have, prima facie, not been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The Company has not issued any debentures.
- (xx) The Company has not raised any money by public issues during the year covered by our report.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Khandelwal Jain & Co.
Chartered Accountants,

(Akash Shinghal)
Partner
Membership No.: 103490
Place: New Delhi
Dated: May 15, 2008

CBSL CABLE NETWORKS LIMITED
(Formerly known as Connect Broadband Services Limited)
BALANCE SHEET AS AT MARCH 31, 2008

PARTICULARS	SCHEDULE	For the year ended March 31, 2008 (Rs.)	For the year ended March 31, 2007 (Rs.)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	90,500,600	35,500,600
		<u>90,500,600</u>	<u>35,500,600</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	2	74,249,780	64,823
Less : Depreciation		<u>652,055</u>	<u>3,862</u>
Net Block		73,597,725	60,961
Investments	3	2,548,000	-
Current Assets, Loans & Advances			
Sundry Debtors	4	2,879,134	7,891,175
Cash and Bank Balances	5	316,305	1,636,550
Loans & Advances	6	118,450,198	7,762,630
Prepaid Expenses		2,105,942	209,780
		<u>123,751,579</u>	<u>17,500,135</u>
Less: Current Liabilities and provisions			
Current Liabilities	7	274,480,985	70,909,170
Provisions		-	75,925
		<u>274,480,985</u>	<u>70,985,095</u>
Net Current Assets		<u>(150,729,406)</u>	<u>(53,484,959)</u>
Profit & Loss Account		<u>165,084,281</u>	<u>88,924,598</u>
		<u>90,500,600</u>	<u>35,500,600</u>
Significant Accounting Policies	13		
Notes to Accounts	14		

The Schedules referred above and the Notes to Accounts form an integral part of the Balance Sheet

As per our report of even date attached
For Khandelwal Jain & Co.
Chartered Accountants

For and on behalf of the Board

Akash Shinghat
Partner
Membership No.: 103490

Kamal Kumar Sharma
Director

Deepak Bajaj
Director

New Delhi
Date : May 15, 2008

CBSL CABLE NETWORKS LIMITED
(Formerly known as Connect Broadband Services Limited)
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

PARTICULARS	SCHEDULE	For the Year ended March 31, 2008 (Rs.)	For the Year ended March 31, 2007 (Rs.)
INCOME			
Income from operations	8	21,668,490	35,807,797
Other Income		130,289	58,086
(Includes tds Rs.Nil, Previous year Rs.48)		<u>21,798,779</u>	<u>35,865,883</u>
EXPENDITURE			
Direct Expenses	9	57,680,122	21,488,741
Cost of Goods Sold	10	-	6,439,504
Personnel Expenditure	11	13,648,468	21,961,383
Administrative & Selling Expenditure	12	25,802,317	41,388,926
Loss on sale of Fixed assets		45,580	1,415
Depreciation	2	656,261	3,826
		<u>97,832,748</u>	<u>91,283,794</u>
Loss for the year before Tax		76,033,969	55,417,911
Provision for Tax			4,135
- Fringe Benefit Tax -2005-06			401,820
- Fringe Benefit Tax -2006-07			
- Fringe Benefit Tax -2007-08		125,714	
Loss brought forward		88,924,598	33,100,732
Loss after Tax carried to Balance Sheet		165,084,281	88,924,598
Loss per Share (equity Share, par value of Rs 10 each)			
Basic (in Rs)		(20.58)	(20.72)
Computing earning per share			
Basic		<u>3,700,055</u>	<u>2,694,635</u>
Significant Accounting Policies	13		
Notes to Accounts	14		

The Schedules referred above and the Notes to Accounts form an integral part of the Profit and Loss Account

As per our report of even date attached
For Khandelwal Jain & Co.
Chartered Accountants

For and on behalf of the Board

Akash Shinghal
Partner
Membership No.: 103490

Kamal Kumar Sharma
Director

Deepak Bajaj
Director

New Delhi
Date : May 15, 2008

CBSL CABLE NETWORKS LIMITED
(Formerly known as Connect Broadband Services Limited)
SCHEDULE FORMING PART OF THE BALANCE SHEET

PARTICULARS	For the year ended March 31, 2008 (Rs.)	For the year ended March 31, 2007 (Rs.)
SCHEDULE 1		
SHARE CAPITAL		
Authorized :		
1,00,00,000 (Previous year 10,00,000) Equity Share of 10/- each	100,000,000	10,000,000
Issued, Subscribed & Paid Up		
90,50,060 Equity Shares of Rs 10/- each	90,500,600	35,500,600
	<u>90,500,600</u>	<u>35,500,600</u>

SCHEDULE 2
FIXED ASSETS

(Amount in Rs.)

Assets	Gross Block			Depreciation			Net Block			
	As at April 1, 2007	Additions	Sale/ Adjustment	As at 31 Mar., 08	As at April 1, 2007	For the Year	On Sale/ Adjustment	As at 31 Mar 2008	As at 31 Mar 2008	As at March 31, 2007
Cable TV Equipments		74,249,780		74,249,780	-	652,055	-	652,055	71,597,725	-
Furniture & Fixtures	57,973		57,973		3,384	2,917	6,301			54,589
Office Equipment	6,850	22,000	28,850		478	1,291	1,769			6,372
Total	64,823	74,271,780	86,823	74,249,780	3,862	656,263	8,070	652,055	71,597,725	60,961
Previous Year	29,823	42,000	7,000	64,823	371	3,626	135	3,862	60,961	29,152

SCHEDULE 3**INVESTMENTS****INVESTMENT IN SUBSIDIARY COMPANY IN EQUITY SHARE
(FULLY PAID UP)**

- Unquoted

CBSL City Network India (P) Ltd (2,54,800 shares @ Rs10/- each)	2,548,000	-
	<u>2,548,000</u>	<u>-</u>

SCHEDULE 4**SUNDRY DEBTORS**

Debts outstanding for a period exceeding six months	-	59,461
Others	2,879,134	7,831,714
	<u>2,879,134</u>	<u>7,891,175</u>

SCHEDULE 5**CASH AND BANK BALANCES**

Cash in Hand	7,902	301,969
Balance with Scheduled Banks		
- In Current Accounts	174,463	1,212,152
- In Fixed Deposits(including interest)	133,940	122,429
	<u>316,305</u>	<u>1,636,550</u>

CBSL CABLE NETWORKS LIMITED
(Formerly known as Connect Broadband Services Limited)
SCHEDULE FORMING PART OF THE BALANCE SHEET

PARTICULARS	For the year ended March 31, 2008 (Rs.)	For the year ended March 31, 2007 (Rs.)
SCHEDULE 6		
LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances Recoverable in cash or kind or for value to be received		
- from subsidiary	12,070	-
- from others	3,833,574	6,403,294
Advance against Fiber Lease Charges	95,914,870	-
Advance against Share Application Money	238,500	-
Security Deposit	-	1,038,527
Taxes Recoverable	18,451,184	320,810
	<u>118,450,198</u>	<u>7,762,630</u>
SCHEDULE 7		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors (Note)	273,011,818	66,361,217
Security Deposit	563,352	913,352
Advance from Customers	698,735	1,533,955
Other Liabilities	207,080	2,100,646
	<u>274,480,985</u>	<u>70,909,170</u>
Provisions		
For Leave Encashment	-	75,925
	<u>274,480,985</u>	<u>70,985,095</u>

Note :-

Sundry creditors include a sum of Rs. 4,66,10,850.17 payable to holding company, HFCL Infotel Ltd, Rs.22,01,00,000 payable to Digicable Network (I) Pvt Ltd and Rs.33,50,000 payable to Infotel Business Solutions Limited.

CBSL CABLE NETWORKS LIMITED
(Formerly known as Connect Broad band Services Limited)
SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT

PARTICULARS	For the year ended March 31, 2008 (Rs.)	For the year ended March 31, 2007 (Rs.)
SCHEDULE 8		
INCOME FROM OPERATIONS		
Income from Cable Services	21,668,490	29,370,312
Sale of Net work equipment	-	6,437,485
	<u>21,668,490</u>	<u>35,807,797</u>
SCHEDULE 9		
DIRECT EXPENSES		
Subscription charges	8,998,180	14,519,643
Fabrication & Testing Charges	45,682,753	-
Leased Fiber Link Charges	1,682,410	-
AMC Charges on fiber leased	748,779	-
Channel Operating Cost	-	200,000
Carriage Fee Expenses	210,000	3,845,531
Copy Right Charges	-	2,097,000
Licence Fee	358,000	666,300
Telefilm production Expenses	-	160,267
	<u>57,680,122</u>	<u>21,488,741</u>

CBSL CABLE NETWORKS LIMITED
 (Formerly known as Connect Broadband Services Limited)
SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

PARTICULARS	For the Year ended March 31, 2008 (Rs.)	For the Year ended March 31, 2007 (Rs.)
SCHEDULE 10		
COST OF GOODS SOLD		
Opening Stock	-	6,439,504
Purchases	-	-
Less Closing Stock	-	-
	<u>-</u>	<u>6,439,504</u>
SCHEDULE 11		
PERSONNEL EXPENSES		
Salary & Allowances	12,783,910	20,514,344
Contribution to PF and other funds	664,662	1,276,991
Leave Encashment	150,543	84,596
Staff Welfare	49,353	85,451
	<u>13,648,468</u>	<u>21,961,383</u>
SCHEDULE 12		
ADMINISTRATIVE AND OTHER EXPENSES		
Travelling & Conveyance	3,650,041	18,385,286
Rent	259,520	456,837
Rates and Taxes	78,103	490,688
Business Promotion	4,044	47,667
Legal & Professional Charges	14,452,783	15,412,760
Advertisement	-	118,211
Insurance Expenses	263,277	175,023
Car On Hire	250,300	353,539
Electricity & Water Charges	1,946,793	2,899,759
Auditors Remuneration	30,000	20,000
Office Maintenance	541,697	784,483
Printing & Stationery	40,639	89,631
Repair & Maintenance - Others	143,362	767,350
Security Expenses	510,603	376,043
Telephone Expenses	109,188	159,752
Commission	940,400	631,386
Hire Charges-Equipment	-	15,000
Bank Charges	40,513	21,896
Bad Debts Written-off	2,381,584	-
Provision for Doubtful debts	25,970	-
Miscellaneous Expenses	133,500	183,615
	<u>25,802,317</u>	<u>41,388,926</u>

SCHEDULE 13

SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Operations

- i) The Company is engaged in the business of service provider and operator for distribution of Cable television network. The company provides cable television to the subscribers.

2. Basis of Accounting

- i) Financial Statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles, the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.
- ii) The Company follows the mercantile system of accounting & recognizes the income & expenditure on accrual basis except those with significant uncertainties.

3. Fixed Assets

Fixed assets are stated at cost less impairment loss, if any, and accumulated depreciation. The Company capitalises direct costs including taxes, duty, freight and incidental expenses attributable to the acquisition and installation of fixed assets. Capital work-in-progress is stated at cost.

4. Depreciation

Depreciation is charged on straight-line method basis at the rates prescribed in the Schedule XIV of the Companies Act, 1956.

5. Revenue Recognition

Revenue on account of cable services is recognized when services are rendered, in accordance with the terms of the related contracts.

Revenue from sales is recognized on dispatch of goods from the warehouse/premises. Sales are exclusive of sales tax.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

6. Inventories

Inventories are valued at lower of cost and net realizable value after providing for obsolescence and other anticipated losses, if any. Cost is determined on FIFO basis.

7. Income-Tax

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

8. Earning Per Share

Basic earnings per share are calculated by dividing the net earnings after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

9. Contingent Liabilities

Contingent liabilities are determined on the basis of available information and are disclosed by way of a note to the accounts.

10. Pre-Operative Expenditure

Expenditure incurred before the commencement of commercial operations are considered as pre-operative expenditure and are charged to profit and loss account

SCHEDULE 14

NOTES TO ACCOUNTS

- The loss of the company for the period is significantly higher than its paid up equity share capital. The Management is confident of generating sufficient cash inflows either from operations and other sources. Accordingly these financial statements of the Company have been prepared on the basis that the Company is a Going Concern.
- Sundry Creditors do not include amount payable to Small Scale Industrial Undertakings ('SSI') as at March 31, 2008.
- Deferred tax assets on account of carried forward loss and preliminary expenses have not been recognized and carried forward in the absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.
- Expenditure in foreign currency (on accrual basis)

Particulars	Year ended March 31, 2008 (Rupees)	Year ended March 31, 2007 (Rupees)
Travel expenses	5,45,724	83,35,092
Professional charges	42,41,295	59,96,298
Total	4,787,019	1,43,31,390

- Payments to auditors (on accrual basis, excluding service tax)

Particulars	Year ended March 31, 2008 (Rupees)	Year ended March 31, 2007 (Rupees)
Audit fees(Including Interim Audit)	20,000	10,000
Tax Audit Fees	10,000	10,000
Other Services	Nil	Nil
Total	30,000	20,000

- Quantitative details of Traded Goods
There has been no Trading activity during the current year period.

- Related Party Disclosures

List of Related parties:

Name of Company	Relation with Company
Himachal Futuristic Communications Limited (HFCL)	Ultimate Holding Company
HFCL Infotel Limited	Holding Company
HTL Limited	Fellow Subsidiary of Ultimate Holding Company
HFCL Satellite Communication Limited, Himachal Exicom Communications Limited and Microwave Communications Limited	Companies under common control of Holding Company
Infotel Business Solutions Limited	Company Under Key Managerial Personnel
Investment Trust of India Limited	Associate Enterprises
CBSL City Networks India Private Limited	Subsidiary

Note: Related party relationship is as identified by the Company and relied upon by the auditor.

Following are the transactions with the related parties:

Relationship	HFCL Infotel Limited (Holding)		CBSL City Networks India (P) Ltd. (Subsidiary)		Infotel Business Solutions Ltd. (Associate)	
	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07
Nature of Transaction						
Assets						
Purchase of Equity Shares	-	-	25,48,000	-	-	-
Advance against share Application Money	-	-	2,000	-	-	-
Balance- Receivable	-	-	12,070	-	-	-
Liabilities						
Issue of Equity Shares	5,50,00,000	-	-	-	-	-
Advance against share Application Money	(5,50,00,000)	-	-	-	-	-
Balance-Payable	4,66,10,850	5,94,60,009	-	-	-	-
Income /Receipt						
Sale of material	-	63,56,956	-	-	-	-
Debit Note Raised by Us	24,000	27,99,572	65,28,272	-	-	-
Payment made by Us	22,11,08,074	20,29,727	34,10,920	-	12,00,000	-
Expenses/Payments						
Debit Notes raised on us	1,82,72,161	4,75,82,446	47,100	-	-	-
Purchase of Services (Expenditure Nature)	16,40,10,973	-	-	-	-	-
Purchase of Assets	7,42,49,780	-	-	-	-	-
Payments received by us	67,50,000	1,98,07,468	75,62,270	-	45,50,000	-

8. The company has entered into an agreement dated 1st February 2008 with HFCL Infotel Ltd (HITL), Holding Company for indefeasible right to use of 2439.932 kms of fibre link on lease basis for a period of 15 years and 3 months commencing from December 27, 2007. The Company has paid Rs.5,13,29,141 (including service tax) towards one time upfront non-refundable facilitation & testing charges which has been charged to revenue and Rs.10,96,60,304 (including service tax) towards lease rental for the period mentioned above. Further, HITL has entered into share purchase agreement (SPA) dated 26th March 2008 with M/s Digicable Network (India) Private Limited (DNPL) for sale of all the shares of the Company (i.e 90,50,000 equity shares), held by the holding Company HITL to DNPL on the closing date for Rs. 9,05,00,000/-. The Transfer of equity shares has been completed on 16th April 2008.

Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term. The Company has also to pay AMC charges on the lease fibre at the rate of Rs.1800/- per km per annum from December 27, 2007 till March 31, 2009 with a discount of 35 % for the first year ending 31.03.2008. As per clause 4 of SPA agreement DNPL shall also settle dues amounting to Rs 3,18,00,780/- payable by the Company to HITL and Infotel Business Solutions Limited.

9. The investment in its subsidiary CBSL City Network India Private Limited is intended to be temporary and held with a view to its disposal in the near future and hence has been excluded from consolidation.
10. Director Remuneration:

Particulars	Year ended March 31, 2008 (Rupees)	Year ended March 31, 2007 (Rupees)
	Salary	Nil
Total	Nil	37,08,348

11. Earnings per share:

(Amount in Rs.)

Particulars	2007-2008	2006-2007
Profit / (Loss) Attributable to Equity Shareholders	(7,61,59,683)	(5,58,23,866)
Weighted average number of equity shares	37,00,055	26,94,635
Nominal Value of Equity Share	10	10
Basic Earning / (Loss) per share	(20.58)	(20.72)

12. Business Segment:

The operation of the Company relates to only one segments viz. Distribution of Cable Television Network.

13. Previous year figures have been regrouped where necessary to conform to this year's classification.

14. Since the resignation of previous Company Secretary, the Company has been in process of searching for the appropriate candidate to fill the vacant post.

15. There are no employees on the rolls of the Company as on 31 st March'2008 hence AS-15 is not applicable.

As per our report of even date attached

For Khandelwal Jain & Co.

Chartered Accountants

For and on behalf of the Board

Akash Shinghal
Partner
Membership No.: 103490

Kamal Kr. Sharma
Director

Deepak Bajaj
Director

New Delhi
Date : May 15, 2008

CBSL CABLE NETWORKS LIMITED
(Formerly known as Connect Broadband Services Limited)
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

PARTICULARS	For the Year ended March 31, 2008 (Rs.)	For the Year ended March 31, 2007 (Rs.)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) for the Year		
Adjustment for :		
Depreciation	(76,033,969)	(55,417,911)
Loss on Sale of Fixed Assets	648,193	3,826
Operating profit before working capital changes	45,580	1,415
Adjustments for changes in :		
(Increase)/Decrease in Inventories	(75,340,196)	(55,412,670)
(Increase)/Decrease in Debtors	-	6,439,504
(Increase)/Decrease in Loan & Advances	5,012,041	(7,025,321)
Increase/(Decrease) in Current Liabilities	(112,583,730)	(7,110,053)
Provision for leave encashment	203,571,815	64,547,108
Fringe Benefit Tax	(75,925)	45,418
	(125,714)	(405,955)
NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	20,458,291	1,078,031
CASH FLOW FROM INVESTING ACTIVITIES		
Investments		
Purchase of Fixed assets	(2,548,000)	-
Sale of Fixed Assets	(74,271,780)	(42,000)
	41,243	5,250
NET CASH USED IN INVESTING ACTIVITIES (B)	(76,778,537)	(36,750)
CASH FLOW FROM FINANCING ACTIVITIES		
Share capital		
	55,000,000	-
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	55,000,000	-
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,320,245)	1,041,281
cash and cash equivalents at the beginning of the year	1,636,550	595,269
cash and cash equivalents at the end of the year	316,305	1,636,550

Notes :-

- The cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3 on cash flow statement issued by Institute of Chartered Accountants of India.
- Figures in bracket indicate cash outflow.
- Previous year figures have been re-grouped and recast wherever necessary to conform to current year classification.
- Cash and cash equivalents include :

Cash in hand		
Balance with Scheduled Banks	7,902	301,969
- In Current Accounts	174,463	1,212,152
- In Fixed Deposits(including interest)	133,940	122,429
	316,305	1,636,550

As per our report of even date.
For Khandelwal Jain & Co.
Chartered Accountants

For and on behalf of the Board

Akash Shinghal
Partner
Membership No.: 103490

Kamal Kumar Sharma Deepak Bajaj
Director Director

New Delhi
Date : May 15, 2008

CBSL CABLE NETWORKS LIMITED
 (Formerly known as Connect Broadband Services Limited)
STATEMENT PURSUANT TO PART-IV OF SCHEDULE VI OF
THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile			
I REGISTRATION DETAILS			
Registration No.	U64200PB2004PLC27271	State Code	16
Balance Sheet	31-03-2008		
II CAPITAL RAISED DURING THE YEAR (RUPEES)			
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (RUPEES)			
Total Liabilities	199,897,304	Total Assets	199,897,304
SOURCES OF FUNDS			
Shareholders Funds	90,500,600	Reserves & Surplus	NIL
Secured Loans	NIL	Unsecured Loans	NIL
APPLICATION OF FUNDS			
Net Fixed Assets (Including Intangible Asset)	73,597,725	Investments	2548000
Accumulated Losses	165,084,281		
Net Current Assets	(150,729,406)		
IV PERFORMANCE OF THE COMPANY (RUPEES)			
Turnover	21,798,779	Total Expenditure	97,832,748
Profit/(Loss) Before Tax	(76,033,969)	Profit/(Loss) After Tax	(76,159,683)
Earning per Share (Weighted Average No)	(20.58)	Dividend	NIL
V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY			
Item Code No (ITC Code)	N.A.	Product Description	Distribution of Cable Television Network

For and on behalf of the Board of Directors

Kamal Kumar Sharma
Director

Deepak Bajaj
Director

Place : New Delhi
Date : May 15, 2008