



HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

21st

**Annual Report
2004-2005**

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HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

21st Annual Report : 2004-2005

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HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

BOARD OF DIRECTORS

Mr. K. Jayaraman
Mr. Kuldeep Puri
Mr. Sanjiv Chainani
Mr. Milind Karnik
Mr. Shailender Nath Sharma
Mr. Ketan Chokshi
Mr. G. Chandrashekar (upto 31st May 2005)
Mr. Vijay Kabta (w.e.f. 30th June 2005)

Chairman
Managing Director

COMPANY SECRETARY

Mr. Satish Gaikwad

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
UTI Bank Limited
HDFC Bank Limited

ADMINISTRATIVE OFFICE

Sanjona Complex, 5th Floor, Hemu Kalani Marg,
Plot No. 11-A, Sindhi Society, Chembur, Mumbai – 400 071
Tel No: (022) 25244951 Fax No: (022) 25222793

REGISTRAR & TRANSFER AGENT

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 & DATACOM LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT the Twenty First Annual General Meeting of the Company will be held on Friday, 30th day of September, 2005, at 4.00 p.m. at Sanjona Complex, 5th Floor, Hemu Kalani Marg, Plot 11-A, Sindhi Society, Chembur, Mumbai – 400 071, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 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. K. Jayaraman, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sanjiv Chainani, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors of the Company to fix their remuneration. M/s. G. M Kapadia & Co., Chartered Accountants, the retiring auditors, are eligible for re-appointment.

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. Vijay Kabta, who was appointed as an Additional Director of the Company with effect from 30th June, 2005 pursuant to the provisions of Section 260 of the Companies Act, 1956 and in accordance with the Article 90 of the Articles of Association of the Company and whose term expires at the 21st Annual General Meeting of the Company and for whose appointment, the Company has received a notice under Section 257 of the said Act from a shareholder proposing the candidature of Mr. Vijay Kabta for the office of a Director of the Company, be and is hereby appointed as a Director of the Company whose period of office shall be subject to retirement by rotation."

REGISTERED OFFICE:

'Rahejas', 4th Floor,
Corner of Main Avenue &
V. P. Road, Santacruz (W),
Mumbai - 400 054

Place: Mumbai
Date: 30th June, 2005

BY ORDER OF THE BOARD

K. JAYARAMAN
Chairman

21st ANNUAL REPORT**NOTES:**

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 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 hours (Forty Eight hours) before the time fixed for holding the meeting.
3. The Register of the Members and the Share Transfer Books of the Company will remain closed from Monday, 26th September, 2005 to Friday, 30th September, 2005 (Both days inclusive).
4. The profiles of the Directors stated in Item No. 2, 3 & 5 are annexed to this Notice.
5. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Item No. 5 is appended hereto.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 5:**

Mr. Vijay Kabta was appointed as an Additional Director of the Company during the year pursuant to the provisions of Section 260 of the Companies Act, 1956 and in accordance with the Article 90 of the Articles of Association of the Company. Pursuant to the provisions of the said Section, the term of office of Mr. Vijay Kabta as an Additional Director shall expire at the 21st Annual General Meeting of the Company. The Company has received notice under Section 257 of the said Act from a shareholder proposing the candidature of Mr. Vijay Kabta for the office of Director of the Company. The Board recommends the appointment of Mr. Vijay Kabta as a Director of the Company.

The resolution vide Item No. 5 is therefore proposed for the approval of the Members.

Except Mr. Vijay Kabta, none of the Directors shall be deemed to be concerned or interested in the said resolution.

REGISTERED OFFICE:

'Rahejas', 4th Floor,
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Mumbai - 400 054

BY ORDER OF THE BOARD

K. JAYARAMAN
Chairman

Place: Mumbai

Date: 30th June, 2005

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED**Additional Information pursuant to Clause 49 of the Listing Agreement****PROFILES OF THE DIRECTORS**

1. **Name** : **MR. K. JAYARAMAN**
Father's name : **Mr. Kalyanasundaram**
Date of Birth : **16th May, 1961.**

Qualification & Experience :

Mr. K. Jayaraman is a Chartered Accountant and started his career in 1987 with ICICI as a Project Officer. Thereafter he also worked with Citicorp Securities. He joined the Hathway Group in 1993 and worked with other Hathway Group companies like H. & R. Johnson (India) Limited, Asianet Satellite Communications Limited, in senior positions. Mr. Jayaraman is currently working as the Chief Executive Officer & Managing Director of Hathway Cable & Datacom Private Limited.

He was appointed as a Director on the Board of the Company on 6th May 1999.

Mr. K. Jayaraman is also a Director of many other Companies such as Agni Network Private Limited, Binary Technology Transfers Private Limited, Chandigarh Convergence Consortium Private Limited, Channel Five Cable Network Private Limited, Hathway Cable & Datacom Private Limited, Hathway Channel 5 Cable & Datacom Private Limited, Hathway Internet Satellite Private Limited, Hathway Krishna Cable Private Limited, Hathway Software Developers Private Limited, Hathway Space Vision Cabletel Private Limited, Hathway Universal Cabletel & Datacom Private Limited, Hathway VCN Cablenet Private Limited, ITV Interactive Media Private Limited, KSW Network Private Limited, Spur Cable & Datacom Private Limited, Win Cable & Datacom Private Limited and Asianet Satellite Communications Limited.

Mr. K. Jayaraman is a member of the Audit Committee of Asianet Satellite Communications Limited.

2. **Name** : **Mr. Sanjiv Chainani**
Father's name : **Mr. Kanwal Ramdas Chainani**
Date of Birth : **25th June, 1963**

Qualification & Experience:

Mr. Sanjiv K. Chainani graduated in Commerce in 1984 from Sydenham College & M.M.S. in Marketing from Sydenham Institute of Management Studies in 1986.

He is engaged in the financial services, corporate advisory and investment banking for more than 19 years.

He was appointed as a Director on the Board of the Company on 6th May 1999.

Mr. Sanjiv Chainani is also a Director of many other Companies such as S.B.&T. International Limited, S.B.&T. Finance Private Limited, S.B.&T. Securities Private Limited, Systematik Finvest Private Limited, S.B.&T. Designs Limited, S.B.&T. U.K. Limited and Krisma Investments Private Limited. He is also the proprietor of M/s. SKM Financial Consultancy.

Mr. Sanjiv Chainani is a member of Audit Committee, Shareholders/ Investor Grievance Committee and Compensation Committee of SB&T International Limited.

- 3. Name :** **Mr. Vijay Kabta**
Father's name : **Mr. Vishwanath Kabta**
Date of Birth : **11th June 1972**

Qualification & Experience:

Mr. Vijay Kabta is a member of the Institute of the Chartered Accountants of India. He has also completed Business Consultancy Services course of Mumbai University jointly with Jamnalal Bajaj Institute of Management Studies.

He started his career in January, 1996, as an Assistant Manager in Hathway Investments Private Limited. He joined Hathway Cable & Datacom Private Limited in June, 1998. Presently, he is working as an Assistant General Manager with Hathway Cable & Datacom Private Limited.

He was appointed as a Director on the Board of the Company on 30th June 2005.

Mr. Vijay Kabta is also a Director of many other Companies such as Hathway Media Vision Private Limited, Hathway Nashik Cable Network Private Limited, ITV Interactive Media Private Limited, UTN Cable Communications Private Limited, Liberty Cables Network Private Limited and Pan Cable Services Private Limited.

Mr. Vijay Kabta does not hold any membership/chairmanship in Board Committees of any other Company.

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Twenty First Annual Report to the Members together with the Audited Statement of Accounts for the financial year ended March 31, 2005.

FINANCIAL HIGHLIGHTS**(Rs. in Lacs)**

PARTICULARS	2004 – 05	2003 – 04
Operating & Other Income	733.87	611.37
Gross Operating Profit/(Loss) before interest, depreciation, amortisation & taxes	11.31	12.77
Interest	2.47	0.23
Depreciation	77.07	75.31
Provision for Diminution in the value of Investment	-	(18.79)
Deferred Taxes	(17.62)	(49.81)
Net Profit / (Loss)	(85.85)	(93.79)
Loss carried to Balance Sheet after adjustments	(482.55)	(398.08)

REVIEW OF OPERATIONS

During the year under review, the total income of your Company was Rs. 733.87 Lacs which is 20% over and above last year's income of Rs. 611.37 Lacs. Your Company has made a Gross profit of Rs. 11.31 Lacs and after providing for interest, depreciation, amortisation and taxation, the net loss for the year is Rs. 85.85 Lacs.

The revenue from Cable TV business and ISP business increased by about 21% and 17%, respectively over the previous year's revenues. However, the profitability of your Company has been adversely affected on account of excessive hike in Pay Channel Costs and other Operational expenses. Your Company could not pass on the entire increase due to the price freeze imposed by Telecom Regulatory Authority of India (TRAI).

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

YEAR UNDER REVIEW AND BUSINESS PROSPECTS

During the year under review, your Company has undertaken various steps to expand its Cable TV and ISP business. Your Company has also undertaken concrete steps to increase the average revenue per subscriber.

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The performance of your Company covering various aspects of the business operations for the year ended 31st March, 2005 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 as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange, Mumbai.

CAPITAL EXPENDITURE

During the year under review, your Company has incurred a total Capital Expenditure of Rs.90.26 Lakhs as compared to the last year's expenditure of Rs.50.63 Lakhs. The said amount of Rs.90.26 Lakhs includes a sum of Rs.13.99 Lakhs toward capital work in progress pending allocation.

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. G. M. Kapadia & Co, the Statutory Auditors of your Company regarding compliance of the conditions of Corporate Governance as required under the aforesaid Clause, is also forms part of this report.

PERSONNEL

There are no employees who are falling within the ambit of the provision of Section 217(2-A) of the Companies Act, 1956, who are drawing a remuneration of Rs.2,00,000/- per month, if employed for part of the year or Rs.24,00,000/- per annum, if employed through out the year.

DIRECTORS

Mr. K. Jayaraman and Mr. Sanjiv Chainani, Directors of your Company are retiring at the ensuing Annual General Meeting and have offered themselves for reappointment. Your Board recommends their reappointment.

Since the last Annual General Meeting, Mr. Vijay Kabta was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 90 of the Articles of Association of the Company. He shall vacate his office as a Director as on the date of the ensuing Annual General Meeting of the Company. Your Company has received a Notice under Section 257 of the aforesaid Act from a shareholder proposing his candidature for the office of Director of the Company. Accordingly, resolution has been proposed in the Notice of the forthcoming Annual General Meeting of the Company for the appointment of Mr. Vijay Kabta as a Director of the Company.

Since the last Annual General Meeting, Mr. G. Chandrashekar resigned from the Board of Directors of your Company. Your Directors place on record their appreciation towards the meritorious services rendered by him during his tenure as a Director of the Company.

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

AUDIT COMMITTEE

Pursuant to the provision of Section 292A of the Companies Act, 1956, an Audit Committee has been set up which comprises of 3 members, namely Mr. K. Jayaraman, Mr. Milind Karnik and Mr. Vijay Kabta, Directors of the Company. Mr. K. Jayaraman is the Chairman of the Committee. The terms of reference of the said committee is in accordance with the requirements of the provisions of the said Section 292A and the Listing Agreement.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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 is not applicable to the Company due to the very nature of the industry in which it operates.

During the year under review, your Company has earned a total income in Foreign Exchange amounting to Rs. 74,660/-, however, there is no Foreign Exchange outgo.

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, 2005:

- (a) the applicable Accounting Standards had 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, 2005 and the 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.