



HATHWAY BHAWANI
CABLETEL & DATACOM LIMITED

22nd
Annual Report
2005-2006

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HATHWAY BHAWANI CABLETEL & DATACOM LIMITED
22nd Annual Report : 2005-2006

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HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

BOARD OF DIRECTORS

Mr. K. Jayaraman
Mr. Kuldeep Puri
Mr. Milind Karnik
Mr. Shailender Nath Sharma
Mr. Ketan Chokshi
Mr. Dilip Worah (w.e.f. 30th December 2005)
Mr. L. K. Kannan (w.e.f. 30th December 2005)
Mr. Krishna Parolia (w.e.f. 30th December 2005)
Mr. Vijay Kabta [Alternate Director to Mr. Shailender Nath Sharma (w.e.f. 31st January 2006)]

Chairman
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
UTI Bank Limited

CORPORATE OFFICE

Sanjona Complex, 5th Floor, Hemu Kalani Marg,
Plot No. 11-A, Sindhi Society, Chembur, Mumbai – 400 071
Tel No: (022) 56033500 Fax No: (022) 25222793

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)

22nd ANNUAL REPORT**NOTICE**

NOTICE IS HEREBY GIVEN THAT the Twenty Second Annual General Meeting of the Company will be held on Friday, 29th day of September, 2006, at 4.00 p.m. at Sanjona Complex, 5th Floor, Hemu Kalani Marg, Plot 11-A, Sindhi Society, Chembur, Mumbai – 400071, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 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. Shailender Nath Sharma, 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. Ketan Chokshi, 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. Dilip Worah, who was appointed as an Additional Director of the Company with effect from 30th December, 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 22nd 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. Dilip Worah 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."

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

"RESOLVED THAT Mr. L. K. Kannan, who was appointed as an Additional Director of the Company with effect from 30th December, 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 22nd 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

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the candidature of Mr. L. K. Kannan 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."

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

"RESOLVED THAT Mr. Krishna Parolia, who was appointed as an Additional Director of the Company with effect from 30th December, 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 22nd 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. Krishna Parolia 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."

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

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Article 92 of the Articles of Association of the Company be and is hereby deleted and the following article be substituted in its place as new Article 92:

'92. Each Independent Director shall be entitled to be paid out the funds of the Company by way of sitting fees for his services not exceeding a sum of Rs. 5,000/- (Rupees Five Thousand only) as may be fixed by the Directors from time to time for every meeting of the Board of Directors, attended by him.'

RESOLVED FURTHER THAT any one of the Directors of the Company be and are hereby authorised to file the relevant forms with the Registrar of Companies, Maharashtra, Mumbai, in this regard."

REGISTERED OFFICE:

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

Place: Mumbai

Date: 29th June, 2006

BY ORDER OF THE BOARD

K. JAYARAMAN
Chairman

22nd 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, 25th September, 2006 to Friday, 29th September, 2006 (Both days inclusive).
4. The profiles of the Directors proposed to be appointed/re-appointed are annexed to this Notice.
5. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Item No. 8 is appended hereto.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 5 to 7:**

Mr. Dilip Worah, Mr. L. K. Kannan and Mr. Krishna Parolia were appointed as Additional Director(s) 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 respective term of office of Mr. Dilip Worah, Mr. L. K. Kannan and Mr. Krishna Parolia as Additional Director(s) shall expire at the 22nd Annual General Meeting of the Company. The Company has received notice under Section 257 of the said Act from shareholder(s) proposing the respective candidature of aforesaid persons for the office of Director of the Company. The Board recommends the appointment of Mr. Dilip Worah, Mr. L.K. Kannan and Mr. Krishna Parolia as Directors of the Company.

The resolution vide Item No. 5 to 7, is therefore proposed for the approval of the Members.

Mr. Dilip Worah, Mr. L.K. Kannan and Mr. Krishna Parolia shall be deemed to be concerned or interested in the resolution for their appointment. No other Director shall be deemed to be concerned or interested in the said resolutions.

Item No. 8:

The present Article 92 of the Articles of Association of the Company provides for payment of sitting fees subject to maximum of Rs. 100/- to the Directors for attending the every meeting of the Board of Directors. It is proposed to increase the aforesaid limit of Rs. 100/- to Rs. 5,000/- which shall be paid only to the independent directors, as stated in the resolution.

Your directors recommend the resolution at point No. 8 for your approval.

The Non-Executive Independent Directors may be deemed to be concerned or interested in the resolution to the extent of sitting fees as may be paid.

REGISTERED OFFICE:

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

BY ORDER OF THE BOARD

Place: Mumbai
Date: 29th June, 2006

K. JAYARAMAN
Chairman

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

- 1. Name** : **Mr. Shailendra Nath Sharma**
Father's name : **Mr M. N. Sharma**
Date of Birth : **7th March, 1961**

Qualification & Experience:

Mr. Shailendra Nath Sharma, a BE in Electronics & Communication and MBA in Marketing, started his career in the field of marketing with H E Ranchi. He has varied experience in the field of Microprocessor based Process Automation System and has headed key Projects of Data Acquisition & Control Systems for big Thermal Power Plants of Country in companies like ESPL (Electronics Systems Punjab Ltd.) with Westinghouse Technology and Taylor Instruments with ABB Technology. He has also undergone training in Process Automation System (Data Acquisition System) of Thermal Power Plants at Westinghouse, USA. Mr. Sharma occupied senior positions at MCE looking after sales of Cable TV Hardware and handled Operations in Indusind Media & Communications Limited as a Vice President – North. Since past 4 years, he is working with Hathway Cable & Datacom Private Limited and heading its North India Operations as a President – North.

He was appointed as a Director on the Board of the Company on 29th November, 2003.

Mr. Shailendra Nath Sharma is also a Director in Hathway Channel 5 Cable & Datacom Private Limited, Win Cable & Datacom Private Limited, Hathway Sukhamrit Cable & Datacom Private Limited and Hathway Prime Cable & Datacom Private Limited.

- 2. Name** : **Mr. Ketan Chokshi**
Father's name : **Late Rajnikant Chokshi**
Date of Birth : **2nd November, 1966.**

Qualification & Experience:

Mr. Ketan Chokshi is a member of the Institute of the Chartered Accountants of India and has a Bachelors Degree in General Laws. He started his career in 1991 as an Executive with Sushant Capital Limited and worked there for 2 years. He then worked as a Consultant with Fortune Financial Services Limited for 1 year and with S.B. & T Group for 8 years. He is engaged in providing professional services like Corporate Advisory, Corporate Finance, Capital Markets and Investment Banking for over 10 years. He was appointed as a Director on the Board of the Company on 3rd April, 2000.

Mr. Ketan Chokshi is also Director in Speed Trade Securities & Broking Private Limited.

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- 3. Name** : **Mr. Dilip Worah**
Father's name : **Mr. Tokarshi P. Worah**
Date of Birth : **22nd May, 1960.**

Qualification & Experience:

Mr. Dilip Worah is a member of the Institute of the Chartered Accountants of India. He 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. He was appointed as a Director on the Board of the Company on 30th December, 2005. Mr. Dilip Worah is also Director in Ulka Finance & Investment Private Limited.

- 4. Name** : **Mr. L. K. Kannan**
Father's name : **Late Mr. Krishna Moorthy**
Date of Birth : **29th March, 1956.**

Qualification & Experience:

Mr. L. K. Kannan is a Science Graduate. He was working with ICICI Bank Ltd. for last 25 years. He has worked in accounts and system implementation departments. He was appointed as a Director on the Board of the Company on 30th December, 2005. Mr. L. K. Kannan is also a Promoter and Director in Integra Unisource Private Limited, since October, 2003.

- 5. Name** : **Mr. Krishna Parolia**
Father's name : **Mr. Ramji Lal**
Date of Birth : **28th January, 1960.**

Qualification & Experience:

Mr. Krishna Parolia, has done his B.Tech. in Chemical. He is running his own enterprise in Chemical Industry which is in manufacturing of all kinds of surface coating and diluents and is also engaged in trading of various kinds of petrochemicals, solvents and chemicals. He is also a member of Laghu Udyog Bharati, an all India apex association for small scale entrepreneurs, which has its presence all across the country. He was appointed as a Director on the Board of the Company on 30th December, 2005.

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

Dear Members,

Your Directors have pleasure in presenting the Twenty Second Annual Report to the Members together with the Audited Statement of Accounts for the financial year ended March 31, 2006.

Financial Highlights

(Rs. In Lacs)

Particulars	2005 - 06	2004 - 05
Operating & Other Income	892.20	733.87
Gross Operating Profit/(Loss) before interest, depreciation, amortisation & taxes	21.15	11.31
Interest	4.20	2.47
Depreciation/Amortisation	81.26	77.07
Deferred Taxes	(1.27)	17.62
Fringe Benefit Tax	1.43	—
Net Profit / (Loss)	(64.47)	(85.85)
Loss carried to balance sheet after adjustments	(545.54)	(482.55)

Review of Operations

During the year under review, the total income of your Company was Rs. 892.20 Lacs which is 22% over and above last year's income of Rs. 733.87 Lacs. Your Company has made a Gross profit of Rs. 21.15 Lacs and after providing for interest, depreciation, amortisation and taxation, the net loss for the year is Rs. 64.47 Lacs.

The revenue from Cable TV business increased by about 30% over the previous year's revenues. However the ISP revenue has marginally come down by 1.77% as compared to previous year's revenues. This was mainly due to fall in average rate per unit (ARPU) in Internet Subscription. In order to sustain in the competition by the new entrants and players like MTNL, Sify, ICARA, etc. your Company has come out with the new subscription plans and schemes with better features at less subscription charges. This has resulted in the fall in the ISP revenue. Your Company is very positive that this being launching stage for new and better schemes, these new schemes shall generate and contribute to the revenue in the coming future. 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.

22nd ANNUAL REPORT**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.

The performance of your Company covering various aspects of the business operations for the year ended 31st March, 2006 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.72.83 Lakhs as compared to the last year's expenditure of Rs.90.26 Lakhs. The said amount of Rs.72.83 Lakhs includes a sum of Rs.14.71 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. Shailender Nath Sharma and Mr. Ketan Chokshi, Directors of your Company are retiring at the ensuing General Meeting and have offered themselves for reappointment. Your Board recommends their reappointment.

Since the last Annual General Meeting, Mr. Dilip Worah, Mr. L. K. Kannan and Mr. Krishna Parolia were appointed as the Additional Directors 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. They shall vacate the office as a Director as on the date of the ensuing Annual General Meeting of the Company. Your Company has received Notices under Section 257 of the aforesaid Act from the shareholders proposing their candidature for the office of Director of the Company. Accordingly, resolution has been proposed in