



HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

24th

**Annual Report
2007-2008**

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CABLE INTERNET
MEGA BYTES IN MINI SECONDS

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

24th Annual Report : 2007-2008

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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. Ketan Chokshi
Mr. Dilip Worah
Mr. L. K. Kannan
Mr. Krishna Parolia

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
Axis 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)

NOTICE

NOTICE IS HEREBY GIVEN THAT the Twenty Fourth Annual General Meeting of the Company will be held on Tuesday, 30th day of September, 2008, 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, 2008 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. Milind Karnik, 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. Krishna Parolia, 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.

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: 28th June, 2008

K. JAYARAMAN
Chairman

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 Friday, 26th September, 2008 to Tuesday, 30th September, 2008 (Both days inclusive).
4. The profiles of the Directors proposed to be re-appointed are annexed to this Notice pursuant to Clause 49 of the Listing Agreement.

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

1. **Name** : **Mr. Milind Karnik**
- Father's name** : **Late Mr. Dattatraya Karnik**
- Date of Birth** : **2nd December, 1960**

Qualification & Experience:

Mr. Milind Karnik, is member of the Institute of the Chartered Accountants of India, the Institute of the Company Secretaries of India and the Institute of Cost & Work Accountants of India. He also holds the Bachelors Degree in General Laws. At the beginning of his career in 1984-85, he worked with leading audit firms such as M/s. R. S. Mama & Co. and A. F. Ferguson, as Senior Auditor and Assistant Audit Manager, respectively. In October 1985, he joined the Financial Management Information System Department with Hoechst India Limited. In 1987, he was deputed as Cost Controller of Agrochemicals Division. Later in the beginning of 1988, he joined the Citicorp Group and had worked in various capacities beginning with the Assistant Financial Controller & Company Secretary with Citicorp Overseas Software Limited, Company Secretary with Citicorp Information Technology Industries Limited and Chief Financial Officer & Company Secretary with Citicorp Securities and Investments Limited.

Thereafter, in July, 1996, he joined as the Chief Financial Officer & Company Secretary with Birla Marlin Securities Limited. Later in June 1997, he joined with Caspian Broking (India) Limited as the Financial Controller & Company Secretary. Since December 1998, he is working with Hathway Cable & Datacom Private Limited and currently he is designated as President – Finance & Company Secretary.

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

Mr. Milind Karnik is also a Director of many other Companies such as Binary Technology Transfers Private Limited, Chandigarh Convergence Consortium Private Limited, Chennai Cable Vision Network Private Limited, Channel Five Network Private Limited, Gujarat Telelink Private Limited, Hathway Cable Entertainment Private Limited, Hathway Cabletech Services Private Limited, Hathway Prime Cable & Datacom Private Limited, Hathway Channel 5 Cable & Datacom Private Limited, Hathway Cnet Private Limited, Hathway Cable MCN Nanded Private Limited, Hathway Data.com Private Limited, Hathway Enjoy Cable Network Private Limited, Hathway Mantra Cable & Datacom

Private Limited, Hathway Gwalior Cable & Datacom Private Limited, Hathway Digital Saharanpur Cable & Datacom Private Limited, Hathway Sonali Om Crystal Cable Private Limited, Hathway Internet Satellite Private Limited, Hathway Latur MCN Cable & Datacom Private Limited, Hathway Jai Mata Di Sherawali Cable & Datacom Private Limited, Hathway Jhansi JMDSR Cable & Datacom Private Limited, Hathway JMD Farukhabad Cable & Datacom Private Limited, Hathway Krishna Cable Private Limited, Hathway MCN Private Limited, Hathway Media Vision Private Limited, Hathway Mysore Cable Network Private Limited, Hathway Nashik Cable Network Private Limited, Hathway Rajesh Multi Channel Private Limited, Hathway Sai Star Cable & Datacom Private Limited, Hathway Software Developers Private Limited, Hathway Space Vision Cabletel Private Limited, Hathway Sukhamrit Cable & Datacom Private Limited, Hathway Universal Cabletel & Datacom Private Limited, Hathway United Cables Private Limited, Hathway VCN Cablenet Private Limited, Hathway ICE Television Private Limited, Ideal Cables Private Limited, Liberty Cable Network Private Limited, Net 9 Online Broadband Private Limited, Win Cable & Datacom Private Limited.

2. 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 hereby present the Twenty Fourth Annual Report to the Members together with the Audited Statement of Accounts for the financial year ended March 31, 2008.

Financial Highlights**(Rs. In Lacs)**

Particulars	2007 - 08	2006 - 07
Operating & Other Income	1043.74	1041.60
Gross Operating Profit before interest, depreciation, amortisation & taxes	17.90	107.15
Interest	7.12	3.51
Depreciation/Amortisation	74.58	76.22
Deferred Taxes	(10.02)	(7.96)
Fringe Benefit Tax	1.84	1.79
Net Profit / (Loss)	(55.62)	33.59
Loss carried to balance sheet after adjustments	(571.56)	(518.45)

Review of Operations

During the year under review, the total income of your Company was Rs. 1043.74 Lacs as compared to last year's income of Rs. 1041.60 Lacs. Your Company has made a Gross profit of Rs. 17.90 Lacs and after providing for interest, depreciation, amortisation and taxation, the net loss for the year is Rs. 55.62 Lacs.

The revenue from Cable TV business has come down as compared to last year's revenue due to heavy disproportionate increase in Operational and Administration expenses. The Company managed to maintain the revenue from ISP business. The profitability of your Company has been adversely affected on account of heavy Pay Channel Costs, competition and other administrative and general expenses. Your Company could not pass on the entire increase due to heavy competition coming from DTH and new MSOs.

In view of the insufficient profits and the accumulated losses, your Directors express their inability to declare any dividend for the year under review. Several measures are being taken towards increasing the revenue and 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, 2008 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 Bombay Stock Exchange Limited.

Capital Expenditure

During the year under review, your Company has incurred a total Capital Expenditure of Rs. 76.70 Lakhs as compared to the last year's expenditure of Rs.39.38 Lakhs. The said amount of Rs.76.70 Lakhs includes a sum of Rs. 7.60 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. Milind Karnik and Mr. Krishna Parolia, Directors of your Company are retiring at the ensuing General Meeting and have offered themselves for reappointment. Your Board recommends their reappointment.

Audit Committee

Pursuant to the provisions of Section 292A of the Companies Act, 1956, an Audit Committee has been set up which presently comprises of 3 members, namely Mr. Milind Karnik, Mr. Dilip Worah and Mr. L. K. Kannan, Directors of the Company. Mr. Dilip Worah is a Chairman of the Committee. The terms of reference of the said committee is in accordance with the requirements of the provision 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 period under review, your Company has neither earned any foreign exchange earning nor incurred any expenses in the foreign exchange.

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, 2008:

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- (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, 2008 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.

Comments on Auditors' Report

Your Auditors have made certain observation in their report on physical verification of distribution equipments such as cabling and line equipments and reconciliation of the records. Your Directors state that preparation and updation of maps is an ongoing process in view of the nature of the Cable TV business. Your Company has completed most of this work and shall complete the remaining in due course of time. In respect of the Cable TV and Internet Access Devices, the Company has reconciled the book stock with physical stock and there was no significant difference, which though not dealt with in the books of accounts does not have any material impact.

Your Auditors have also made some observation on Internal Control System for sale of services. Your Directors comment that the current Internal Control System for the sale of services is adequate. However, considering the growth in the operations, your Company has taken steps for strengthening the Internal Control System for sale of services.

Acknowledgements

Your Directors takes this opportunity to place on record a sincere appreciation and thanks to its stakeholders including subscribers, shareholders, bankers and employees for their excellent contribution and support towards progress of the organisation.

FOR AND ON BEHALF OF THE BOARD

Place: Mumbai
Dated: 29th June, 2008

K. JAYARAMAN
Chairman

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

Corporate Governance is a dynamic concept thriving under constantly changing environment. Corporate Governance encompasses good corporate practices, laws, procedures, standards and implicit rules that determine a Management's ability to take sound decisions with respect to its various stakeholders viz its shareholders, creditors, partners, associates, employees and the Government. The objective of Corporate Governance is to maximize long-term shareholder value through an open and transparent disclosure regime enabling every stakeholder to have access to fullest information about the Company and its functioning. Your Company is firmly of the view that Corporate Governance is not an end in itself but a facilitator in maximizing the objective of shareholder's value. Any Corporate which embodies principles of Corporate Governance like openness, transparency, ownership fairness in its functioning is bound to maximize shareholder value and also its own corporate values.

In keeping with the above, your Company reaffirms its commitment to excellence in Corporate Governance and constantly strives to benchmark itself against the best, in its relentless pursuit to attain the highest standards of corporate values and ethics. This is done with the objective of generating long-term economic value for the shareholders, whilst concurrently respecting the interest of other stakeholders.

2. Board of Directors

a) Composition of the Board of Directors

The Board comprises of One Executive Director and Seven Non-Executive Directors. The Chairman of the Board is a Non-executive Director and one third of the Board comprises of independent Directors. The composition of the Board and other relevant details relating to Directors are given below:

Name of the Director	Relationship with other Directors	Designation	Category of Directorship	No. of Other Directorships* Memberships**	No. of Other Committee	
					Chairman	Member
Mr. K. Jayaraman	None	Chairman	Non-Executive & Non Independent	1	Nil	1
Mr. Kuldeep Puri	None	Managing Director	Executive & Non Independent	1	Nil	Nil
Mr. Milind Karnik	None	Director	Non-Executive & Non Independent	Nil	Nil	Nil