



HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

25th

Annual Report

Report 2008-2009

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CABLE INTERNET
MEGA BYTES IN MINI SECONDS

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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

ADMINISTRATIVE OFFICE

Sanjona Complex, 5th Floor, Hemu Kalani Marg,
Plot No. 11-A, Sindhi Society, Chembur, Mumbai - 400 071
Tel No: (022) 61534400 Fax No: (022) 61534455

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)

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT the Twenty Fifth Annual General Meeting of the Company will be held on Wednesday, 30th day of September, 2009, 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, 2009 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. 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.

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: 30th June, 2009

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 Saturday, 26th September, 2009 to Wednesday, 30th September, 2009 (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. 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 CEO & 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 other Companies like Gujarat Telelink Private Limited, Hathway Bhaskar Multinet Private Limited and Spur Cable & Datacom Private Limited

2. Name : MR. KETAN CHOKSHI
- Father's name : Mr. Rajnikant Chokshi
- Date of Birth : 2nd November, 1966.
- Qualification & Experience:

Mr. Ketan Chokshi, is a member of the Institute of 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 of other Companies like Spanco Global Ventures Private Limited, Speed Trade Securities Private Limited, Puru Investment & Financial Consultants Private Limited, Spanco Telesystems and Solutions Limited, New Delhi Televentures Limited and Parekh Aluminex Limited.

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

Dear Members,

Your Directors take the pleasure of presenting the Twenty Fifth Annual Report of your Company together with the Audited Statement of Accounts for the financial year ended March 31, 2009.

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

Particulars	2008 – 09	2007 – 08
Operating & Other Income	1227.21	1055.33
Gross Operating Profit before interest, depreciation, amortisation & taxes	98.55	17.91
Interest	5.01	7.11
Depreciation/Amortisation	76.36	74.58
Deferred Taxes	(6.38)	(10.01)
Fringe Benefit Tax	2.65	1.85
Net Profit / (Loss)	20.91	(55.62)
Profit/Loss carried to balance sheet after adjustments	(521.63)	(571.56)

Business Operations

During the year under review, the total income of your Company was Rs 1227.21 Lacs as compared to last year's income of Rs. 1055.33 Lacs witnessing a growth of 16.29%. Further, the Gross Operating Profit of your company grew by 450.25% at Rs 98.55 Lacs as compared to Rs 17.91 Lacs in the previous financial year.

The company is adhering to its policy of focused growth and as a result of which the total subscription income vis a vis the gross operating profit of the company had increased.

Dividend

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.

Business Prospects & Management Discussion and Analysis Report

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.

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

The performance of your Company covering various aspects of the business operations for the year ended 31st March, 2009 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.

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. Ketan Chokshi, 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 the 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.

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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, 2009:

- (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, 2009 and the profit 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: 30th June, 2009

K. JAYARAMAN
Chairman

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED**REPORT ON CORPORATE GOVERNANCE****1. Company's Philosophy on Corporate Governance**

Corporate Governance is a synonym for sound management, transparency and disclosure, encompassing good corporate practices, procedures, standards and implicit rules which propel a Company to take sound decisions, thus maximizing long-term shareholders' value. Corporate Governance is beyond the realm of law. It stems from the management's mindset and cannot be regulated by legislation alone.

The Company continues to focus on good Corporate Governance, in line with local and global standards. Its primary objective is to create and adhere to a corporate culture of conscience and consciousness, integrity, transparency and accountability for efficient and ethical conduct of business for meeting its obligations towards shareholders and other stakeholders.

Corporate Governance is an integral part of the philosophy of the Company in its pursuit of excellence, growth and value creation. In addition to complying with the statutory requirements, effective governance systems and practices towards improving transparency, disclosures, internal controls and promotion of ethics at work place have been institutionalized. The Company recognizes that good governance is a continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all its stakeholders.

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges in India, the report containing the details of governance systems and processes at Hathway Bhawani Cabletel & Datacom Limited is as under:

2. Board of Directors**a) Composition of the Board of Directors**

The Board of Directors ("Board") of the Company has an optimum combination of executive, non-executive and independent directors, who have in depth knowledge of business, in addition to the expertise in their areas of specialization. The Board provides leadership, strategic guidance and an independent view to the Company's management. The Board comprises of One Executive Director and Six 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	Relation ship with other Directors	Designation	Category of Directorship	No. of Other Directorships*	No. of Other Committee Memberships #	
					Chairman	Member
Mr. K. Jayaraman	None	Chairman	Non-Executive & Non Independent	1	Nil	1

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Mr. Kuldeep Puri	None	Managing Director	Executive & Non Independent	1	Nil	Nil
Mr. Milind Karnik	None	Director	Non-Executive & Non Independent	Nil	Nil	Nil
Mr. Ketan Chokshi	None	Director	Non-Executive & Non Independent	Nil	Nil	Nil
Mr. Dilip Worah	None	Director	Non-Executive & Independent	Nil	Nil	Nil
Mr. L. K. Kannan	None	Director	Non-Executive & Independent	Nil	Nil	Nil
Mr. Krishna Parolia	None	Director	Non-Executive & Independent	Nil	Nil	Nil

- * Directorships in Private and Foreign Companies, if any, are excluded.
- ** Memberships of only Audit Committee and Shareholders' Grievance Committee have been considered.

b) Re-appointment of Directors:

Pursuant to the provisions of Sections 255 & 256 of the Companies Act, 1956, Mr. Ketan Chokshi and Mr. K Jayaraman shall retire by rotation at the forthcoming Annual General Meeting.

The Board has recommended the re-appointment of Mr. K. Jayaraman and Mr. Ketan Chokshi as Directors to the shareholders. The detailed resume of the aforesaid proposed appointees is provided in the notice of the Annual General Meeting.

c) Board Meetings and Annual General Meeting:

During the financial year 2008-09, Five Board Meetings were held on 13th May 2008, 28th June 2008, 31st July 2008, 31st October 2008 and 30th January 2009. The last Annual General Meeting of the Company was held on 30th September 2008. The details of attendance of Directors in Board Meetings and the last Annual General Meeting are as follows.

Name of the Director	No. of Board Meetings Attended	Attendance at Last Annual General Meeting
Mr. K. Jayaraman	5	No
Mr. Kuldeep Puri	5	Yes
Mr. Milind Karnik	5	No