

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

BOARD OF DIRECTORS

Mr. K. Jayaraman
Mr. Kuldeep Puri
Mr. Milind Karnik
Mr. Dilip Worah
Mr. L. K. Kannan
Mr. Krishna Parolia
Mr. T. Rajaram

Chairman
Managing Director

Alternate 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)

NOTICE

NOTICE IS HEREBY GIVEN THAT the Twenty Sixth Annual General Meeting of the Company will be held on Thursday, 30th day of September, 2010, 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, 2010 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. Dilip Worah, 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. L. K. Kannan, 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 pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, approval of the members of the Company be and is hereby granted for the re-appointment of Mr. Kuldeep Puri as the Managing Director of the Company for a period of 3 years with effect from June 30, 2010 to May 31, 2013 on a remuneration of Rs. 85,000/- per month together with re-imbursement of Telephone and Motor Car and Fuel expenses incurred by him up to a limit of Rs. 15,000/- per month with liberty to the Directors to alter and vary terms and conditions of the aforesaid appointment and/or remuneration, as may be agreed to between the Directors and Mr. Kuldeep Puri.

RESOLVED FURTHER THAT in the event of absence or inadequacy of net profit in any financial year, the remuneration payable to the Managing Director shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any statutory modification thereof.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to file eforms with Registrar of Companies and to do all acts, deeds and things, as may be required to give effect to this resolution.”

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6. 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 Directors shall be entitled to be paid out of 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 and every member of Audit Committee shall be entitled to be paid sitting fees for his services not exceeding a sum of Rs. 5,000/- (Rupees Five thousand only) as may be fixed by Board of Directors from time to time for every Audit Committee Meeting, 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: August 14, 2010

BY ORDER OF THE BOARD

K. JAYARAMAN
Chairman

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

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. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to Special business to be transacted at the meeting(Item no. 5 & 6) is annexed hereto.
3. 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.
4. The Register of the Members and the Share Transfer Books of the Company will remain closed from September 26, 2010 to September 30, 2010 (Both days inclusive).
5. The profiles of the Directors proposed to be re-appointed are annexed to this Notice pursuant to Clause 49 of the Listing Agreement.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5:

Mr. Kuldeep Puri was appointed as Managing Director of the Company with effect from for a period of 3 years with effect from June 1, 2007 to May 31, 2010 such terms and conditions as approved by the Shareholders at the 23rd Annual General Meeting of the Company.

Considering the dynamic role, Mr. Kuldeep Puri is expected to play in the near future and the benefits expected to be reaped under his supervision, re-appointment of Mr. Kuldeep Puri is recommended for a period of 3 (three) years with effect from June 1, 2010 on the terms and conditions as mentioned in the resolution set out in the notice.

In the event of absence or inadequacy of net profits in any financial year, the remuneration payable to Managing Director shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956 or any statutory modification thereof."

The resolution vide Item No. 5 is therefore proposed for the approval of the Members. Apart from Mr. Kuldeep Puri, no other director shall be deemed to be concerned or interested in the resolution.

Item No. 6:

The present Article 92 of the Articles of Association of the Company provides for payment of sitting fees subject to maximum of Rs. 5000/- to the Directors for attending the every meeting of the Board of Directors. It is proposed to pay sitting fees also to the members of the Audit Committee for attending every meeting of Audit Committee as stated in the resolution.

Your directors recommend the resolution at point No. 6 for your approval.

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: August 14, 2010

K. JAYARAMAN
Chairman

Additional information pursuant to Clause 49 of the Listing Agreement

PROFILES OF DIRECTORS

1. **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.

2. **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 Commerce Graduate. He is in service since last 25 years. He was appointed as a Director on the Board of the Company on 30th December, 2005. Mr. L. K. Kannan is also Director in Integra Unisource Private Limited.

3. **Name** : **Mr. Kuldeep Puri**

Father's name : Mr. Surajswarup Puri

Date of Birth : 17th November, 1959.

Qualification & Experience :

Mr. Kuldeep Puri has a B Tech degree from BHU - IT, Varanasi. He has been instrumental in providing professional Cable Television Operating services and other related activities formulating the cable television operation of the Company. He has Nineteen years experience in the field of Cable Television Operations, Installation of Cable TV systems/maintenance and marketing of telecom and electronic equipments products. He has played an important role by providing able leadership and direction to the Company in its business activity of running of Cable Television Network, providing ISP Services, Data Communications facilities and allied activities with his sound knowledge and experience. He was appointed as Managing Director of the Company since 1st June, 1999.

Mr. Kuldeep Puri is also a director in Sri Bhawani Cabletel Limited.

DIRECTORS' REPORT

Dear Members,

Your Directors take the pleasure of presenting the Twenty Sixth Annual Report of your Company together with the Audited Statement of Accounts for the financial year ended March 31, 2010.

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

Particulars	2009-2010	2008 –2009
Operating & Other Income	1230.04	1227.21
Gross Operating Profit before interest, depreciation, amortisation & taxes	79.72	98.55
Interest	7.79	5.01
Depreciation/Amortisation	77.75	76.36
Deferred Taxes	(9.84)	(6.38)
Fringe Benefit Tax	-	2.65
Net Profit / (Loss)	4.01	20.91
Profit/Loss carried to balance sheet after adjustments	(506.82)	(521.63)

Business Operations

During the year under review, the total income of your Company increased to Rs 1230.04 Lacs as compared to last year's income of Rs. 1227.2 Lacs. There is a fall in Gross operating Profit due increase in pay channel costs, ISP access expense and other operational expenses. The operating profits reduced to Rs. 79.72 Lacs as against Rs. 98.55 Lacs in previous financial year.

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.

The performance of your Company covering various aspects of the business operations for the year

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ended 31st March, 2010 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. Dilip Worah and Mr. L. K. Kannan, Directors of your Company are retiring at the ensuing General Meeting and have offered themselves for reappointment. Mr. Kuldeep Puri was reappointed as a Managing Director of the Company w.e.f. from May 31, 2010 for a period of three years, subject to the approval of shareholders.

To enable the Company to obtain their continued valuable direction, guidance and assistance in the conduct of the affairs of your Company, the 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, 2010 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

In relation to the matters dealt with by the Auditors in the Audit Report we state with respect to the observation in annexure (i) (b) regarding physical verification of distribution equipments your directors clarify that these will be physically verified. 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.

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: August 14, 2010

K. JAYARAMAN
Chairman

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 Five 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. 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
Mr. T. Rajaram ***	None	Alternate Director to Mr. K. Jayaraman	Non-Executive & Non 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.

*** T. Rajaram was appointed as Alternate Director to Mr. K. Jayaraman w.e.f July 30, 2009.

b) Re-appointment of Directors:

Pursuant to the provisions of Sections 255 & 256 of the Companies Act, 1956, Mr. Dilip Worah and Mr. L. K Kannan shall retire by rotation at the forthcoming Annual General Meeting.

The Board has recommended the re-appointment of Mr. Dilip Worah and Mr. L. K Kannan 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 2009-10, 8 Board Meetings were held on May 2, 2009, June 30, 2009, July 30, 2009, July 31, 2009, August 25, 2009, September 30, 2009, October 31, 2009 and January 30, 2010. The last Annual General Meeting of the Company was held on 30th September 2009. 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	2	No
Mr. Kuldeep Puri	8	Yes
Mr. Milind Karnik	8	Yes
Mr. Ketan Chokshi *	0	Yes