



**HATHWAY BHAWANI**  
**CABLETEL & DATACOM LIMITED**

**25<sup>th</sup>**  

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**Annual Report**  
**2008-2009**

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CABLE INTERNET  
MEGA BYTES IN MINI SECONDS

## **HATHWAY BHAWANI CABLETEL & DATACOM LIMITED**

### **25th Annual Report : 2008-2009**

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**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**

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## **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.

**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**

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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*



**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

## HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

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

## HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

Mr. Ketan Chokshi	1	Yes
Mr. Dilip Worah	3	Yes
Mr. L. K. Kannan	3	Yes
Mr. Krishna Parolia	2	No

d) Code of Conduct

The Board has laid down a code of conduct for all Board members and senior management of the company.

The Company has obtained the confirmation of the Compliance with the Code from all its Board members and senior management personnel. As required by Clause 49 of the Listing Agreement, the declaration on compliance of the Company's code of conduct signed by Managing Director forms a part of this Annual Report.

### 3. Audit Committee

a) Constitution of Audit Committee:

The Committee comprises three Non-executive Directors majority of whom are independent directors. All members of the Committee are financially literate. The Chairman of the Committee is a member of the Institute of Chartered Accountants of India.

b) Composition of Audit Committee and Number of Meetings Attended:

During the Financial year 2008-09, four Audit Committee Meetings were held on 28th June 2008, 31st July 2008, 31st October 2008 and 30th January 2009. The composition of the audit committee and the number of meeting attended members of the audit committee were as under:

Committee Members Attending the Meeting	Designation	No. of Meetings Attended
Mr. Dilip Worah	Chairman	3
Mr. Milind Karnik	Member	4
Mr. L. K. Kannan	Member	3

## **HATHWAY BHAWANI CABLETEL & DATACOM LIMITED**

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c) Attendees:

The Audit Committee invites such executives, as it considers appropriate to be present at its meetings. The Manager - Accounts attends such meetings. The Statutory Auditors are also invited to these meetings.

d) The Terms of Reference of the Audit Committee:

The terms of reference of the Audit Committee as defined by the Board are as under:

- i) Hold discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.
- ii) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- iii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- iv) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- v) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - (b) Changes, if any, in accounting policies and practices and reasons for the same.
  - (c) Major accounting entries involving estimates based on the exercise of judgement by management.
  - (d) Significant adjustments made in the financial statements arising out of audit findings.
  - (e) Compliance with listing and other legal requirements relating to financial statements.
  - (f) Disclosure of any related party transactions.
  - (g) Qualifications in the draft audit report.
- vi) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

- vii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
  - viii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - ix) Discussion with internal auditors on any significant findings and follow up there on.
  - x) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  - xi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - xii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
  - xiii) Review of information as prescribed under Clause 49 (II)(E) of the listing agreement.
- e) Powers of the Audit Committee:

The Board has delegated the following powers to the Audit Committee:

- i) Investigating any activity within its terms of reference as above, or in relation to the items specified in Section 292A of the Companies Act, 1956, or as may be referred to it by the Board, from time to time and for this purpose, it shall have full access to information contained in the records of the Company and external professional advice, if necessary
- ii) Seek information from any employee.
- iii) Obtain outside legal or other professional advice, if necessary.
- iv) Secure attendance of outsiders with relevant expertise, if it considers necessary.

#### **4. Remuneration Committee**

- a) Constitution of Remuneration Committee:

The Remuneration Committee comprises of four members. All the members are Non-Executive Directors.

## HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

Committee Members Attending the Meeting	Designation
Mr. K. Jayaraman	Chairman
Mr. Dilip Worah	Member
Mr. L. K. Kannan	Member
Ms. Krishna Parolia	Member

b) Composition of Remuneration Committee and the number of meetings attended:  
No meeting of the remuneration committee was held during the Financial Year 2008-09.

c) Terms of reference:

The committee has the mandate to review and recommend compensation payable to the executive directors and senior management of the company. It shall also administer the company's stock option plans, if any, including the review and grant of the stock options to eligible employees under plans. The committee may review the performance of the Executive Directors, if any and for the said purpose may lay down requisite parameters for each of the executive directors at the beginning of the year.

d) Remuneration Policy:

i) Management Staff:

Remuneration of employees largely consists of basic remuneration and perquisites. The components of the total remuneration vary for different grades and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by him, his individual performance, etc.

ii) Non-Executive Directors:

The Company pays sitting fees to Non-executive & Independent Directors of the Company. The sitting fees paid is within the limits prescribed under the Companies Act, 1956.

The Remuneration Committee at their Meeting held on 30th November 2006 had approved payment of sitting fees upto Rs.5000/- for each meeting of Board of Directors. During the financial year 2008-09, an amount of Rs.2000/- (per director) was paid to the independent Directors in respect of each Board Meeting attended by them. Details of the Sitting fees paid during the year 2008-09 is as under:

Name of the Non-Executive Director	Sitting Fees Paid (Amt. in Rs.)
Mr. Dilip Worah	6,000
Mr. L.K. Kannan	6,000
Mr. Krishna Parolia	4,000
<b>Total</b>	<b>16,000</b>

## HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

### iii) Executive Directors:

Mr. Kuldeep Puri, Managing Director, is the only Executive Director in the Company. The tenure of Mr. Kuldeep Puri is for a period of 3 years with effect from 1st June 2007. The remuneration of the Executive Director for the period commencing from 1st June 2007 to 31st May, 2010, has been approved by the Remuneration Committee of the Board of Directors, the Board of Directors and the Shareholders in the General Meeting.

Details of remuneration paid to Executive Directors during year ended March 31, 2009 are given below:

Name of the Executive Director	Designation	Salary & Perquisites (Rs.)	Commission (Rs.)	Total (Rs. )
Mr. Kuldeep Puri	Managing Director	10,20,000	-	10,20,000

### 5. Shareholders'/ Investors' Grievance Committee

#### a) Constitution and Composition of Shareholders' Grievance Committee:

The Shareholders'/Investors' Grievance Committee has been constituted to look into investor's complaints like transfer of shares, non-receipt of declared dividends, etc. and to take necessary steps for redressal thereof. The Committee is a Board level committee under the Chairmanship of Mr. Milind Karnik, a Non-Executive Director. Two Shareholders'/Investors' Grievance Committee Meetings were held during the financial year 2008-09 on 31st July 2008 and 30th January 2009. The present composition of the Shareholders'/ Investors' Grievance Committee and the number of meeting attended were as under:

Name of Director	Designation	No. of Meeting Attended
Mr. Milind Karnik	Chairman	2
Mr. K. Jayaraman	Member	2

#### b) Mr. Kuldeep Puri, Managing Director, is the Compliance officer of the Company.

#### c) During the year 2008-09, the Company has received no investor complaints.. There were no complaints pending as at end of the year.

#### d) Share Transfers in Physical Mode:

Shares sent for physical transfer are generally registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects. The Shareholders' Committee of the Company meets as often as required. There were no physical transfers during the year under review.

**6. General Body Meetings**

- i) Location, time and date of holding of the last three Annual General Meetings (AGM) are given below:

Year	Date	Venue	Time
2006	29.09.2006	Sanjona Complex, 3rd Floor, Hemu Kalani Marg, Plot 11-A, Sindhi Society, Chembur, Mumbai - 400071	4.00 p.m.
2007	28.09.2007	Sanjona Complex, 3rd Floor, Hemu Kalani Marg, Plot 11-A, Sindhi Society, Chembur, Mumbai - 400071	4.00 p.m.
2008	30.09.2008	Sanjona Complex, 3rd Floor, Hemu Kalani Marg, Plot 11-A, Sindhi Society, Chembur, Mumbai - 400071	4.00 p.m.

- ii) Special Resolutions during previous three Annual General Meetings:

Financial Year	Particulars of Special Resolutions Passed
2005-06	Amendment to Article 92 for payment of sitting to independent directors upto Rs. 5,000/-
2006-07	Nil
2007-08	Nil

- iii) During the year 2008-09, the Company has not passed any resolution by way of Postal Ballot.
- iv) Resolutions if any passed by Postal Ballot shall be in accordance with the provisions of Section 192A of the Companies Act, 1956 read with Companies (Procedure for Passing of Postal Ballot) Rules, 2001

**7. Means of Communication**

- (i) The quarterly results of the Company are generally published in Mumbai Lakshdeep (marathi Newspaper) and Business Standard (English Newspaper). The Company proposes that all quarterly, half-yearly and full year audited results be published at least in 2 newspapers. The quarterly results are further submitted to the Bombay Stock Exchange Limited immediately after the conclusion of the respective meetings.
- (ii) No presentations were made to institutional investors or to the analysts during the year under review.
- (iii) Pursuant to clause 51 of the Listing Agreement, all data related to quarterly financial results, shareholding pattern, etc. are hosted on the Electronic Data Information Filing and Retrieval (EDIFAR) website at [www.sebidifar.nic.in](http://www.sebidifar.nic.in) within reasonable time frame.
- (iv) The Management Discussion and Analysis Report forms a part of this Annual Report.



## HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

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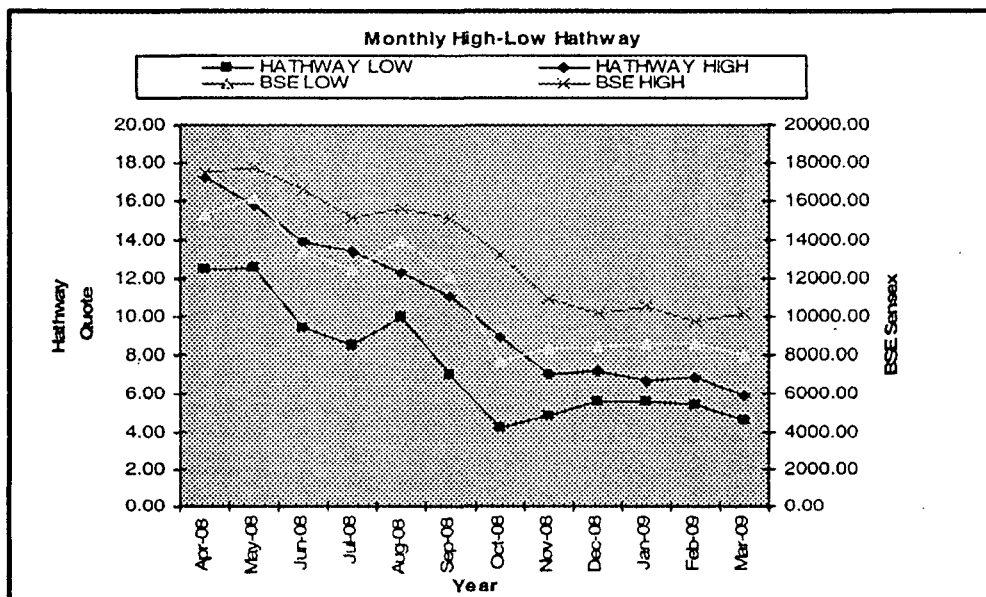
### 8 General Shareholder Information

- |  |  |
|--|--|
| a. <i>Date, time and venue of Annual General Meeting of Shareholders</i> | 30th September, 2009 at 4.00 p.m. at Sanjona Complex, 5th Floor, Hemu Kalani Marg, Plot 11-A, Sindhi Society, Chembur, Mumbai - 400 071.   |
| b. <i>Dates of book closures</i>   | 26th September, 2009 to 30th September, 2009 (Both days inclusive)   |
| c. <i>Dividend Payment</i>   | Not Applicable   |
| d. <i>Financial Calendar</i>   | The Company follows April-March as its financial year. The results for every quarter beginning from April are declared in the month following the quarter.   |
| e. <i>Listing on stock exchanges</i>                                     | Bombay Stock Exchange Limited  |
| f. <i>Listing fees</i>   | Paid for year 2009-2010  |
| g. <i>Registered office</i>  | "Rahejas", 4th Floor, Corner of Main Avenue & V.P. Road, Santacruz (West), Mumbai- 400 054.<br>Tel: (022) 26001306<br>Fax: (022) 26001307  |
| h. <i>Registrar and Share Transfer agents</i>                            | Bigshare Services Private Ltd.<br>E-2/3, Ansa Industrial Estate,<br>Sakivihar Road, Saki Naka,<br>Andheri (East), Mumbai - 400 072<br>Tel.: (022) 28470652/28470653<br>Fax: (022) 28525207<br>Email: bigshare@bom7.vsnl.net.in                                       |
| i. <i>Share Transfer System</i>  | Shares sent for physical transfer are generally registered and returned within a period of 15-20 days from the date of receipt, if the documents are clear in all respects. The Shareholders/Investor Grievance committee of the Company meets as often as required. |
| j. <i>Plant Locations</i>  | The Company does not have any manufacturing activities.  |
| k. <i>Stock Market price data</i>  | Monthly high and low at Bombay Stock Exchange Limited, for financial year ended 31st March 2009:   |

# HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

Month	High (Rs.)	Low (Rs.)
April, 2008	17.27	12.50
May, 2008	15.75	12.58
June, 2008	13.89	9.46
July, 2008	13.37	8.50
August, 2008	12.35	10.00
September, 2008	11.07	7.05
October, 2008	8.96	4.25
November, 2008	6.99	4.91
December, 2008	7.16	5.66
January, 2009	6.70	5.65
February, 2009	6.90	5.47
March, 2009	5.97	4.62

vii. Performance in comparison to broad – based indices of BSE Sensex is as under:



## HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

i. a) *Distribution of Shareholding:*

Range in Rupees	No. of Shareholders	% of Shareholders	Amount (In Rs.)	% of Total
1 - 5,000	1,397	62.58961	3322500.00	4.15313
5,001 - 10,000	357	15.99462	3239130.00	4.04891
10,001 - 20,000	188	8.42294	3103550.00	3.87944
20,001 - 30,000	90	4.03226	2336700.00	2.92088
30,001 - 40,000	38	1.70251	1357370.00	1.69671
40,001 - 50,000	46	2.06093	2203860.00	2.75483
50,001 - 1,00,000	62	2.77778	4704500.00	5.88063
1,00,001 & above	54	2.41935	59732390.00	74.66549
<b>Total</b>	<b>2,232</b>	<b>100.00</b>	<b>8,00,00,000</b>	<b>100.00</b>

b) *Category wise Distribution Schedule as on 31<sup>st</sup> March 2009*

Sr. No.	Category	No. of Shares held	%
1.	Promoters	44,68,118	55.85
2.	Private Bodies Corporate	3,55,469	4.44
3.	Indian Public	31,38,622	39.24
4.	NRIs/OCBs	4,400	0.05
5.	Clearing Members	33,391	0.42
	<b>Total</b>	<b>80,00,000</b>	<b>100.00</b>

m. *Dematerialisation of shares and liquidity*

The Company has established required connectivity with Central Depository Services (India) Limited and National Securities Depository Limited and the same are available in electronic segment under ISIN No. INE 525B01016. As on 31st March 2009, 78,55,579 Equity Shares representing 98.19% had been dematerialized.

n. *Address for correspondence*

For general Correspondence

"Rahejas", 4th Floor, Corner of Main Avenue  
& V.P. Road, Santacruz (West), Mumbai - 400 054.  
Tel: (022) 26001306 Fax: (022) 26001307

For matters related to Share transfers Dematerialisation, etc.

**M/s. Bigshare Services Private Ltd.**  
E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka,  
Andheri (East), Mumbai - 400 072  
Tel.: (022) 28470652/28470653  
Fax: (022) 28525207  
Email: bigshare@bom7.vsnl.net.in

o. *Stock Exchange Code:- 509073*

## HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

### 9. Other Disclosures

- a. The Company has arrangement with Hathway Cable & Datacom Private Limited, for revenue sharing for its Internet through Cable Division. The Company also had transactions with Hathway Cable & Datacom Private Limited for advertisement revenue, purchased of assets and purchase of Set-Top-Boxes. The details of related party transactions are given at Point No. 10 of Part B of Schedule N, being Notes forming part of Accounts. The transactions with other related parties are as per the table given below.

Sr. No.	Name	Nature of Relationship	Amount (in Rs)	Nature of Payment
1.	Mr. Kuldeep Puri	Managing Director– Key Management Personnel	12,52,575	Salary, Perquisites & Reimbursements
2.	Mr. Kulbhusan Puri as Karta of M/s Kulbhusan Puri HUF	Relative of Managing Director	13,24,454	Consultancy fees & Reimbursements

There have been no related party transactions for the year ended March 31, 2009, which have potential conflict with the interests of the Company at large.

- b. Shareholding of the Non-executive Directors as on 31st March 2009 :

Sr. No.	Name of the Director	No. of Shares held
1	Mr. K. Jayaraman	Nil
2	Mr. Milind Karnik	Nil
3	Mr. Ketan Chokshi	1000
4	Mr. Dilip Worah	Nil
5	Mr. L. K. Kannan	Nil
6	Mr. Krishna Parolia	Nil

- c. The Company has complied with the requirements of regulatory authorities on capital markets and no penalty / stricture was imposed on the Company during the last three years.
- d. The Company has complied with the non-mandatory requirements relating to remuneration Committee. The financial statements of the Company are unqualified.
- e. The Company has not implemented the Whistle Blower Policy which is a non-mandatory requirement under the code of the Corporate Governance.

### CODE OF CONDUCT DECLARATION

Pursuant to Clause 49 I (D) of the Listing Agreement entered into with the Stock Exchanges, I hereby declare that the Company has obtained affirmative compliance with the code of conduct from all the Board members and senior management personnel of the Company.

Kuldeep Puri  
Managing Director

Place: Mumbai  
Date: 30th June, 2009

## **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

### **OVERALL REVIEW**

The financial year 2008-09 was hard- hitting for the entire economy including Cable TV industry as a whole due to outbreak of global recession and increase in operating cost of the business. However, during the year under review your company was in a position to generate marginal profits due to efficient management of resources and good recoveries. The profit after taxation of the company was Rs. 20.90 Lacs as compared to previous year loss of Rs 55.62 Lacs. The Company was also successful in its dedicated and result oriented efforts to increase its market share and income from operations .

### **OPPORTUNITIES, THREATS AND BUSINESS OUTLOOK**

The Conditional Access System (CAS) as and when introduced in North or Central Mumbai, will put our Company in better shape. Your Company has already launched the Digital Cable TV Services in its network through the Set Top Boxes(STB's) on voluntary basis and is doing well in countering the threat of DTH through STB's. The Direct to Home (DTH) operators are set to capture 72 % of the 25 million new subscribers in next three years through intense competition between the cable and DTH firms as per the latest report from International Media Research Firm Media Partners Asia (MPA).

### **RISKS AND CONCERNS**

Looking at the competition in the DTH space and the rapid technological changes in the industry, company may be required to constantly upgrade its infrastructure, which will entail substantial capital expenditure. Further the Government may regulate the CATV rates.

However, the Company is fully geared up to take on any technological change in the industry. The Company is taking various steps for reducing operating cost and other expenses by:

- a) Improving efficiency though innovative solutions
- b) Curtailing overheads by exercising strict control and regular review mechanism.
- c) Stringent control procedures for fast recoveries.
- d) Retiring off expensive loans.

## **HATHWAY BHAWANI CABLETEL & DATACOM LIMITED**

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- b) Curtailing overheads by exercising strict control and regular review mechanism.
- c) Stringent control procedures for fast recoveries.
- d) Retiring off expensive loans.

### **INTERNAL CONTROL SYSTEMS AND ADEQUACY**

The Company has proper and adequate internal control system under which management reports on key performance indicators and variance analysis are made. Regular Management committee meetings are held where these reports and variance analysis are discussed and action plan initiated with proper follow up. Operational Reports are tabled at Board Meetings after being discussed in Audit Committee meetings

### **SEGMENT-WISE OR PRODUCT WISE PERFORMANCE**

The Company operates in a single segment viz. CATV. ,The reason being CATV & ISP services are provided by using same, common infrastructure. CATV Business comprises of receiving, distributing and transmitting satellite channel programs and ISP Business comprises providing internet services through Cable. Considering the recent business developments and changes that have taken place over the years concerning returns and risks involved in these two activities, the entire business has been considered as one primary segment as per the provisions of Accounting Standard 17. The Company operates within the geographical limits of India and accordingly secondary segments have not been considered.

### **HUMAN RESOURCES**

An Orientation has been given to the personal policy with emphasis on performance Employee strength was increased at various levels with reallocation of responsibilities for better utilization of resources.

Measures are continuing to facilitate higher levels of output and productivity. Managerial Effectiveness is being improved by appropriate development and training programs, better coordination and improvement in communications.

# HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

## COMPANY'S FINANCIAL PERFORMANCE AND ANALYSIS

(Rs In Lacs)

	Year 2008-09		Year 2007-08	
	Rs.	%	Rs.	%
<b>INCOME</b>				
Income from Operations	1223.11	99.67	1043.61	98.89
Other Income	4.11	0.33	11.71	1.11
<b>TOTAL</b>	<b>1227.21</b>	<b>100.00</b>	<b>1055.33</b>	<b>100</b>
<b>EXPENDITURE</b>				
Operational Expenses	921.07	75.05	848.68	80.42
Staff Cost	94.85	7.73	82.33	7.80
Administration and General Expenses	112.73	9.19	106.40	10.08
Finance Charges	5.01	0.41	7.11	0.67
Depreciation / Amortization	76.36	6.22	74.58	7.07
Miscellaneous Expense written off	0	0.00	0.00	0.00
<b>TOTAL</b>	<b>1210.03</b>	<b>98.60</b>	<b>1119.12</b>	<b>106.04</b>
<b>Profit/(Loss) Before Taxation and Exceptional Items</b>	<b>17.18</b>	<b>1.40</b>	<b>(63.79)</b>	<b>(6.04)</b>
Provision for Diminution of Investments	0.00	0.00	0.00	0.00
<b>Profit / (Loss) Before Taxation</b>	<b>17.18</b>	<b>1.40</b>	<b>(63.79)</b>	<b>(6.04)</b>
Provision for Taxation	0.00	0.00	0.00	0.00
Deferred Tax	6.38	0.52	10.01	0.95
Fringe Benefit Tax	(2.65)	(0.22)	(1.84)	(0.17)
<b>Profit / (Loss) After Taxation</b>	<b>20.91</b>	<b>1.70</b>	<b>(55.62)</b>	<b>(5.32)</b>

### CAUTIONARY STATEMENT

The Statement in the Management Discussion and Analysis report can not be construed as holding out any forecasts, projections, expectations, invitations, offers etc. within the meaning of applicable securities, laws and regulations. This Report basically seeks to furnish information, as laid down within the different headings to meet the listing agreement requirements.

# **HATHWAY BHAWANI CABLETEL & DATACOM LIMITED**

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## **AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To the members of

**HATHWAY BHAWANI CABLETEL & DATACOM LIMITED**

1. We have examined the compliance of conditions of Corporate Governance by HATHWAY BHAWANI CABLETEL & DATACOM LIMITED ("the Company"), for the year ended on 31st March 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For G. M. KAPADIA & CO.**  
**Chartered Accountants**

**(VIREN THAKKAR)**

**Partner**

**(Membership No. 49417)**

**Mumbai**

**Dated: 30<sup>th</sup> June 2009**



**AUDITOR'S REPORT TO THE MEMBERS OF  
HATHWAY BHAWANI CABLETEL & DATACOM LIMITED**

1. We have audited the attached Balance Sheet of **HATHWAY BHAWANI CABLETEL & DATACOM LIMITED** as at 31st March, 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - v. On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date;
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and also give a true and fair view in conformity with the accounting principles generally accepted in India: -
    - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009, and
    - b. In the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.
    - c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For G. M. KAPADIA & CO.**  
**Chartered Accountants**

**(VIREN THAKKAR)**  
**Partner**

**(Membership No. 49417)**

**Mumbai**  
**Dated: 30<sup>th</sup> June 2009**

**ANNEXURE TO THE AUDITOR'S REPORT**

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained records of fixed assets, other than distribution equipments, showing particulars, including quantitative details and location. As explained to us, nature of some of the distribution equipments (like cabling and other line equipments) is such that maintaining location-wise details is impractical. *The management had planned to maintain maps to identify, quantity and location of such equipments. However, updation/ preparation of maps relating to addition/ replacement in process.*
- (b) According to the information and explanations given to us, fixed assets, other than distribution equipments including Cable TV/ Internet Access Devices with the subscribers, were physically verified during the year as per the programme of verification which, in our opinion, is reasonable. Discrepancies arising on such physical verification have been properly dealt within the books of accounts. *However, in absence of physical verification, discrepancies in distribution equipments have not been ascertained and not dealt within the books of accounts.*
- (c) During the year, Company has not disposed of any substantial / major part of fixed assets.
- (ii) (a) As explained to us, inventories have been physically verified during the year by the management.
- (b) The procedures of physical verification, in our opinion, are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company is maintaining proper records of inventory. No discrepancies were noticed on verification between the physical stocks and the book records.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured to and from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the sub-clauses (a) to (g) of the clause 4 (iii) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. *In our opinion, the internal control system in respect of certain areas of sale of services needs to be further strengthened.* The Company has initiated necessary steps to strengthen the procedures wherever required. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions for the year that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

- (b) In our opinion and according to the information and explanation given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the registers maintained under section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time to the extent the same are available with the Company and in accordance with the approvals obtained from the Central Government, wherever applicable.
- (vi) In our opinion and according to the information and explanation given to us, the Company has not accepted deposits from the public and therefore, the provisions contained in sections 58A, 58AA or any other relevant provisions of the Act and Rules framed there under are not applicable to the Company.
- (vii) The Company has an internal audit system. However there is scope for increasing the coverage so as to commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for any of the activities of the Company.
- (ix) (a) Based on the records produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues such as provident fund, investor education and protection fund, employees state insurance, income-tax, sales-tax, wealth tax, Service tax, custom duty, excise duty, cess and other material statutory dues wherever applicable and there are no amounts in arrears as at March 31, 2009 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no dues payable by the Company on account of any dispute in case of income tax, wealth tax, sales tax, custom duty, service tax, excise duty and cess as on 31<sup>st</sup> March 2009. Hence the question of depositing such dues on account of any dispute does not arise.
- (x) The accumulated losses at the end of the financial year are in excess of fifty percent of the net worth of the Company. The Company has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanation given to us, the Company has not defaulted in the payment of dues to financial institution or bank or debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a nidhi / mutual fund / society. Therefore the provisions of clause 4(xiii) of the order are not applicable to the Company.

## **HATHWAY BHAWANI CABLETEL & DATACOM LIMITED**

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- (xiv) According to the information and explanations given to us the Company is not dealing or trading in shares, securities, debentures and other investments. All shares, debentures and other investments have been held by the Company in its own name except certain government securities which are held in the name of the officials of the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, no term loans have been taken during the year and the term loans taken in earlier years were applied for the purposes for which they were raised.
- (xvii) According to the information and explanations given to us and overall examination of the cash flow Statement and balance sheet of the Company, we report that the Company has not raised any funds on short-term basis.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year hence the question of whether the price at which shares have been issued is prejudicial to the interest of the company does not arise.
- (xix) The Company has not issued any debentures hence the question of whether securities or charge have been created does not arise.
- (xx) The Company has not raised any money by public issues during the year covered by our report.
- (xxi) Based upon the audit procedures performed and the information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

**For G. M. KAPADIA & CO.**  
**Chartered Accountants**

**(VIREN THAKKAR)**  
**Partner**

**(Membership No. 49417)**

**Mumbai**  
**Dated: 30<sup>th</sup> June 2009**

# HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	31-Mar-09		31-Mar-08
		Rupees	Rupees	Rupees
<b>SOURCES OF FUNDS</b>				
<b>Shareholders Funds</b>				
Share Capital	A	80,000,000		80,000,000
Reserves and Surplus	B	15,000,000		15,000,000
			95,000,000	95,000,000
<b>Loan Funds</b>				
Secured Loans	C		4,823,434	5,211,203
<b>Deferred Tax Liability (Net of Assets)</b> (Refer Note no. B(13)of Schedule "M")				
			5,481,535	6,119,616
			<b>105,304,969</b>	<b>106,330,819</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	D	115,518,824		108,551,530
Less: Depreciation		62,711,917		56,319,201
Net Block		52,806,907		52,232,329
Add : Capital Work-in-Progress		639,205		760,510
			53,446,112	52,992,839
<b>Investments</b>				
	E		133,000	1,193,800
<b>Current Assets, Loans &amp; Advances</b>				
Inventories	F	269,109		207,917
Sundry Debtors		37,379,514		28,042,023
Cash and Bank balances		6,825,453		7,313,639
Other Current Assets		551,203		371,885
Loans & Advances		9,264,666		7,708,905
		54,289,945		43,644,369
Less: Current Liabilities & Provisions	G	54,726,614		48,656,142
<b>Net Current Assets</b>			(436,669)	(5,011,773)
<b>Debit Balance in Profit and Loss Account</b>			52,162,526	57,155,953
<b>Significant Accounting Policies and Notes Forming Part of Accounts</b>	M		<b>105,304,969</b>	<b>106,330,819</b>
As Per Our Report Of Even Date For G. M. Kapadia & Co. Chartered Accountants		For and on behalf of the Board		
VIREN THAKKAR (Partner) (Membership No. 49417)	KULDEEP PURI Managing Director	K. JAYARAMAN ( Chairman )		
	MILIND KARNIK ( Director )			
Mumbai Dated : 30th June, 2009		Mumbai Dated : 30th June, 2009		

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Schedule	31-Mar-09 Rupees	31-Mar-08 Rupees
<b>INCOME</b>			
Income from Operations	H	122,310,702	104,361,127
Other Income	I	410,775	1,171,489
		<b>122,721,477</b>	<b>105,532,616</b>
<b>EXPENDITURE</b>			
Operational Expenses	J	92,107,474	84,868,097
Staff Cost	K	9,485,449	8,233,678
Administration and General Expenses	L	11,273,471	10,640,444
Finance Charges		500,952	711,531
Depreciation / Amortization		7,635,660	7,458,100
		<b>121,003,006</b>	<b>111,911,850</b>
Profit / ( Loss ) Before Taxation		1,718,471	(6,379,235)
Less : Provision For Taxation			
Deferred Tax		638,081	1,001,695
Fringe Benefit Tax		(265,645)	(184,676)
Profit / ( Loss ) After Taxation		2,090,907	(5,562,216)
Balance b/f from Previous year		(57,155,953)	(51,845,082)
Prior Period Adjustments ( Net )		2,902,520	311,344
Adjustment for Transitional Provision Under Revised AS-15		0	(60,000)
Balance carried to Balance Sheet		<b>(52,162,526)</b>	<b>(57,155,953)</b>
<b>Earning Per Share</b>		0.62	(0.66)
<b>Significant Accounting Policies and Notes Forming Part of Accounts</b>	<b>M</b>		
As Per Our Report Of Even Date For <b>G. M. Kapadia &amp; Co.</b> Chartered Accountants		For and on behalf of the Board	
<b>VIREN THAKKAR</b> (Partner) (Membership No. 49417)	<b>KULDEEP PURI</b> Managing Director	<b>K. JAYARAMAN</b> ( Chairman )	
	<b>MILIND KARNIK</b> ( Director )		
Mumbai Dated : 30th June, 2009		Mumbai Dated : 30th June, 2009	

# HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	Year ended 31st March 2009		Year ended 31st March 2008	
	Rs.	Rs.	Rs.	Rs.
<b>1 CASH FLOW FROM OPERATING ACTIVITIES:</b>				
<b>NET PROFIT / (LOSS) BEFORE TAX</b>		4,355,346		(6,312,567)
A Adjustment for :				
1 Non Cash Charges				
Depreciation \ Amortisation	7,635,660		7,458,100	
Irrecoverable amount w/off (Net)	727,026		707,200	
Provision for Bad Debts	9,350,000		8,606,682	
Sundry balance W/back	(56,736)		(746,215)	
2 Item Considered Separately				
(Profit) / loss on sale of Fixed Assets net	(27,405)		1,151,079	
Interest Income	(292,252)		(347,619)	
Interest Expense	500,952		711,532	
(Profit) / loss on sale of Investments		17,837,246	0	17,540,759
Operating Profit Before Change in Working Capital		<b>22,192,592</b>		<b>11,228,192</b>
B Change in Working Capital				
(Increase) / Decrease in Inventories	(61,192)		348,219	
(Increase) / Decrease in Debtors	(19,414,516)		(13,913,631)	
(Increase) / Decrease in Other Current Assets	(179,318)		(178,642)	
(Increase) / Decrease in Loans & Advance	(1,555,761)		(781,983)	
Increase / (Decrease) in Current Liability	6,127,208	(15,083,579)	13,375,325	(1,150,712)
Net Cash Generated from Operations		7,109,013		10,077,480
<b>2 CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Interest received	292,252		347,619	
Sales Proceeds of Fixed assets	253,637		295,385	
Purchase of Fixed Assets	(8,315,166)		(7,670,486)	
Purchase of Investments	(3,000)		-	
Sales Proceeds on Sale of Investment	1,063,800		-	
Net cash Realised from Investing Activities		(6,708,477)		(7,027,482)
<b>3 CASH FLOW FROM FINANCING ACTIVITIES</b>				
Loan taken during the year	-		1,283,000	
Loan repayment during the year	(387,769)		(249,782)	
Interest charges	(500,952)		(711,531)	
Net cash Realised from Financing Activities		(888,721)		321,687
Net increase in Cash and Cash equivalent		<b>(488,186)</b>		<b>3,371,685</b>
Cash & Cash equivalents at the beginning of year		7,313,639		3,941,954
Cash & Cash equivalents at the end of year		6,825,453		7,313,639

As Per Our Report Of Even Date  
For G. M. Kapadia & Co.  
Chartered Accountants

For and on behalf of the Board

**VIREN THAKKAR**  
(Partner)  
(Membership No. 49417)

**KULDEEP PURI**  
Managing Director

**K. JAYARAMAN**  
( Chairman )

**MILIND KARNIK**  
( Director )

Mumbai  
Dated : 30th June, 2009

Mumbai  
Dated : 30th June, 2009

**SCHEDULES TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009**

<b>SCHEDULE A</b>	<b>31-Mar-09 Rupees</b>	<b>31-Mar-08 Rupees</b>
<b><u>SHARE CAPITAL</u></b>		
<b>Authorised Capital</b> 10,000,000 Equity Shares of Rs.10/- each	100,000,000	100,000,000
<b>Issued, Subscribed and Paid up Capital</b> 8,000,000 (8,000,000) Equity Shares of Rs.10/- each, fully paid up	80,000,000	80,000,000
	<b>80,000,000</b>	<b>80,000,000</b>
<b>SCHEDULE B</b>		
	<b>31-Mar-09 Rupees</b>	<b>31-Mar-08 Rupees</b>
<b><u>RESERVES &amp; SURPLUS</u></b>		
<b><u>Share Premium</u></b> Balance as per last balance sheet	15,000,000	15,000,000
	<b>15,000,000</b>	<b>15,000,000</b>
<b>SCHEDULE C</b>		
	<b>31-Mar-09 Rupees</b>	<b>31-Mar-08 Rupees</b>
<b><u>SECURED LOANS</u></b>		
Cash Credit (Secured against Hypothecation of Book Debts, Headend Equipments, & Fixed Deposit Receipt of Rs. 23.03 Lakhs)	4,000,000	4,000,000
Car Loan from Bank (Secured against Hypothecation of Vehicles)	823,434	1,211,203
	<b>4,823,434</b>	<b>5,211,203</b>



**SCHEDULE TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2009**

(In Rupees)

SCHEDULE D	← Gross Block (at Cost) →				← Depreciation / Amortization →				← Net Block →		
	As at 01.4.2008	Additions during the year	Deductions during the year	As at 31.03.2009	As at 01.4.2008	Additions during the year	Deductions during the year	As at 31.03.2009	As at 31.03.2009	As at 31.3.2008	
<b>FIXED ASSETS</b>											
<b>INTANGIBLE ASSETS</b>											
Cable Television Franchise	25,852,889	853,531	-	26,706,420	11,098,865	1,317,958	-	12,416,823	14,289,597	14,754,024	
Goodwill	955,000	150,000	955,000	150,000	923,759	49,578	955,000	18,337	131,663	31,241	
Computers Software	180,518	46,900	-	227,418	6,915	55,354	-	62,269	165,149	173,603	
	<b>26,988,407</b>	<b>1,050,431</b>	<b>955,000</b>	<b>27,083,838</b>	<b>12,029,539</b>	<b>1,422,890</b>	<b>955,000</b>	<b>12,497,429</b>	<b>14,586,409</b>	<b>14,958,868</b>	
<b>TANGIBLE ASSETS</b>											
Distribution Equipments	52,672,690	6,265,634	453,533	58,484,790	26,991,770	4,015,966	242,243	30,765,489	27,719,301	25,680,921	
Headend Equipments	17,307,516	484,487	25,700	17,766,302	10,555,626	968,151	17,933	11,505,843	6,260,459	6,751,890	
Furniture & Fixtures	4,207,984	291,782	-	4,499,766	2,545,194	333,126	-	2,878,320	1,621,447	1,662,790	
Office Equipments	475,478	28,808	-	504,286	130,837	49,193	-	180,029	324,257	344,641	
Electrical Fittings	295,274	-	-	295,274	97,704	27,482	-	125,186	170,088	197,570	
Structural Fittings	108,275	-	-	108,275	99,408	8,867	-	108,275	-	8,867	
Airconditioners	536,980	22,000	9,767	549,213	280,699	36,755	3,563	313,891	235,321	256,281	
Pagers & Mobiles	331,703	57,416	-	389,119	198,207	56,610	-	254,817	134,302	133,496	
Computers	2,310,357	225,262	25,174	2,510,445	1,868,721	241,150	24,203	2,085,668	424,777	441,637	
Vehicles	3,316,866	10,650	-	3,327,516	1,521,496	475,470	-	1,996,970	1,330,546	1,195,370	
	<b>81,563,123</b>	<b>7,386,039</b>	<b>514,174</b>	<b>88,434,986</b>	<b>44,289,662</b>	<b>6,212,770</b>	<b>287,942</b>	<b>50,214,488</b>	<b>38,220,497</b>	<b>37,273,461</b>	
<b>Total</b>	<b>108,551,530</b>	<b>8,436,470</b>	<b>1,469,174</b>	<b>115,518,824</b>	<b>56,319,201</b>	<b>7,635,660</b>	<b>1,242,942</b>	<b>62,711,917</b>	<b>52,806,906</b>	<b>52,232,329</b>	
Capital Work-in-Progress									639,205	760,510	
Previous Year	103,964,931	7,628,974	3,042,075	108,551,530	50,456,712	7,458,100	1,595,611	56,319,201	52,232,329	53,508,219	

**Note**

Range of remaining period of amortisation of intangible asset is as below

Cable Television Franchise	1 to 20 year
Goodwill	As per the underlying agreement
Computers Software	1 to 5 year

SCHEDULES TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE E	FACE VALUE	31-Mar-09		31-Mar-08	
		Quantity	Cost (Rs.)	Quantity	Cost (Rs.)
<b>INVESTMENTS (Fully Paid)</b>					
<b>Investments in Bonds</b>					
6.75% UTI Tax Free Bonds (Market Value - Rs.Nil Previous year Rs. 1,079,225/-)	100	0	0	10,638	1,063,800
<b>Investments in National Saving Certificate</b>					
National Saving Certificate			133,000		130,000
<b>Total Investments</b>			<b>133,000</b>	<b>10,638</b>	<b>1,193,800</b>

# HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

## SCHEDULES TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE F	31-Mar-09		31-Mar-08
	Rupees	Rupees	Rupees
<b><u>CURRENT ASSETS, LOAN &amp; ADVANCES</u></b>			
<b><u>INVENTORIES</u></b>			
(As certified and valued by Management)			
Traded Goods (Set Top Boxes)		269,109	207,917
<b><u>SUNDRY DEBTORS</u></b>			
(Unsecured but Considered Good)			
- Outstanding for more than 6 Months	18,313,505		18,990,543
- Others	34,890,130		28,014,752
	53,203,635		47,005,295
Less: Provision for bad and doubtful debts	15,824,121		18,963,273
		37,379,514	28,042,023
<b><u>CASH AND BANK BALANCES</u></b>			
Cash on hand	131,225		322,416
Balance with Scheduled Banks			
- In Current Accounts	3,426,703		3,751,789
- In Fixed Deposit Account *	3,267,525		3,239,435
(* Rs. 964,090 - Against Outstanding Bank Guarantees, Rs. 2,303,435/- against cash credit limit with Bank of Maharashtra)		6,825,453	7,313,639
<b><u>OTHER CURRENT ASSETS</u></b>			
Interest Accrued on Investment	52,447		62,223
Others Current Assets	498,756		309,663
		551,203	371,885
<b><u>LOANS AND ADVANCES</u></b>			
Sundry Deposits	2,575,200		2,567,200
<b>Advances recoverable in cash or in kind or for value to be received</b>			
<b>(Unsecured but considered Good)</b>			
Staff Advances	108,276		80,558
Sundry Advances	2,646,667		2,712,164
Taxes Paid	3,755,451		2,133,438
Prepaid Expenses	179,071		215,546
	6,689,466		5,141,705
		9,264,666	7,708,905
		<b>54,289,943</b>	<b>43,644,369</b>

**SCHEDULES TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009**

<b>SCHEDULE G</b>	<b>31-Mar-09</b>		<b>31-Mar-08</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b>			
<b><u>CURRENT LIABILITIES</u></b>			
Sundry Creditors	35,888,261		27,134,141
Outstanding Liabilities for expenses	9,180,987		9,129,200
Deposits from Subscribers	3,931,128		3,136,627
Income received in advance	4,460,858		8,428,005
		53,461,234	47,827,973
<b><u>PROVISIONS</u></b>			
Provision for Retirement Benefits		1,265,380	828,169
		<b>54,726,614</b>	<b>48,656,142</b>

# HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

## SCHEDULES TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE H	31-Mar-09		31-Mar-08
	Rupees	Rupees	Rupees
<b><u>INCOME FROM OPERATIONS</u></b>			
Subscription Income		118,029,319	99,434,945
Advertisement Income		2,529,006	2,990,539
Installation Charges		1,057,128	875,679
Equipment Rent		386,115	508,952
Sale of Devices		1,840,623	3,051,977
Less : Cost of Goods sold			
Opening Stock	207,917		556,136
Add : Purchases	1,592,681		2,249,619
	1,800,598		2,805,755
Less : Closing Stock	269,109		207,917
		1,531,489	2,597,838
		309,134	454,139
Other Operational Income		-	96,872
		<b>122,310,702</b>	<b>104,361,127</b>

SCHEDULE I	31-Mar-09		31-Mar-08
	Rupees	Rupees	Rupees
<b><u>OTHER INCOME</u></b>			
Interest on Term Deposit (Tax deducted at source Rs.35930/- (Previous year Rs.29822/-)		280,286	275,811
Interest From Bonds & Debenture (Tax deducted at source Rs. Nil (Previous year Rs. Nil))		11,966	71,808
Profit on Sale of Assets (Net)		27,405	-
Sundry Balances Written Back		56,736	746,215
Other Income		34,383	77,655
		<b>410,775</b>	<b>1,171,489</b>

**SCHEDULES TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

SCHEDULE J	31-Mar-09		31-Mar-08
	Rupees	Rupees	Rupees
<b>OPERATIONAL EXPENSES</b>			
ISP Access Expenses		10,669,086	7,892,549
Cassette Hire Charges		185,145	198,653
Pay Channel Cost		55,166,265	51,674,905
Rent		931,181	1,022,100
Irrecoverable amounts written off	13,216,178		
Less : Adjusted against PFDD provided	12,489,152		
		727,026	707,200
Commission		168,111	176,580
Consultancy Charges		1,403,789	1,486,856
Feed Charges		1,370,129	1,158,670
Electricity Charges		1,820,459	1,965,184
Rates & Taxes		4,117,165	4,912,544
License Fees		289,065	239,566
Insurance for Equipment		34,159	30,491
Lease Line Charges		939,825	845,246
Headend Equip. Support Charges		52,038	-
Live Event Coverage Exps		28,325	21,600
Repairs & Maintenance - Machinery		237,171	519,698
Labour Charges		2,455,057	1,626,663
Provision for Bad Debts		9,350,000	8,606,682
Service Charges		1,271,748	1,022,927
Transport Charges		26,050	27,009
Other Operating Expenses		865,681	732,973
		<b>92,107,474</b>	<b>84,868,097</b>

SCHEDULE K	31-Mar-09	31-Mar-08
	Rupees	Rupees
<b>STAFF COST</b>		
Salary & Bonus	7,446,162	6,463,536
Gratuity	175,321	115,753
Leave Encashment Expenses	294,787	167,871
Contribution to Statutory Funds	461,216	447,793
Medical Reimbursement	106,532	111,666
Staff Welfare	261,343	229,816
Stipend	603,936	502,762
Other Staff Expenses	136,152	194,481
	<b>9,485,449</b>	<b>8,233,678</b>

**HATHWAY BHAWANI CABLETEL & DATACOM LIMITED****SCHEDULES TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

<b>SCHEDULE L</b>	<b>31-Mar-09 Rupees</b>	<b>31-Mar-08 Rupees</b>
<b>ADMINISTRATION AND GENERAL EXPENSES</b>		
Advertisement & Promotion expenses	1,000,975	1,086,316
Books & Periodicals	69,139	30,016
Business Promotion expenses	754,089	65,128
Conveyance	766,175	737,861
Director's Remuneration	1,020,000	1,020,000
Donation	2,100	8,500
Entertainment Expenses	54,354	75,225
Insurance Others	72,762	63,808
Legal & Professional charges	320,762	267,244
Membership & Subscription	35,000	35,000
Miscellaneous Expenses	20,684	21,340
Petrol Expenses	400,824	359,524
Printing & Stationery	657,333	452,296
Recruitment Expenses	132,737	169,539
Repairs & Maintenance - Others	1,051,341	1,010,152
Rent - Office	1,890,198	1,570,104
Telephone Charges	605,748	701,448
Loss on Sale of Asset (Net)	-	1,151,079
Vehicle Expenses	151,244	109,832
Office Expenses	1,827,298	1,288,395
Other Administrative & General Expenses	275,709	267,640
<b>Auditors Remuneration:</b>		
- Audit Fees	100,000	100,000
- Tax Audit Fees	50,000	50,000
- For Other Services	15,000	-
	<b>11,273,471</b>	<b>10,640,444</b>

**SCHEDULE M****Notes Forming Part of Accounts****A. SIGNIFICANT ACCOUNTING POLICIES****1) METHOD OF ACCOUNTING:**

These financial statements are prepared on accrual basis of accounting, following historical cost convention, in accordance with the provisions of the Companies Act, 1956 ('the Act'), accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

**2) USE OF ESTIMATES:**

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and reported amounts of revenue and expenses during the reported period. Such estimates are on a reasonable and prudent basis taking into account all available information; actual results could differ from estimates. Differences on account of revision of estimates actual outcome and existing estimates are recognised prospectively once such results are known / materialized in accordance with the requirements of the respective accounting standard, as may be applicable.

**3) FIXED ASSETS****a) Intangible Assets**

Intangible assets are recognized if they are separately identifiable and the Company controls the future economic benefits arising out of them. All other expenses on intangible items are charged to the profit and loss account. Internally generated brands, customer lists and items similar in substance are not capitalized. Intangible assets are stated at cost less accumulated amortization less impairment.

Intangible assets include Cable Television Franchisee and Goodwill. The aggregate consideration paid to acquire Subscribers connected to a network along with Network assets and all the rights attached thereto are disclosed under the head Cable Television Franchisee. In cases where value for assets acquired along with Subscribers connected to the network are separately ascertained, the assets are capitalised under the relevant heads. The consideration paid for non-compete as per the underlying agreements are included in Goodwill.

**b) Tangible Assets**

- The fixed assets are stated at cost less accumulated depreciation and impairment if any. Cost comprises of all expenses incurred in bringing the assets to its present location including installation and commissioning expenses. The indirect expenditure incurred during pre-commencement period is allocated proportionately over the cost of the relevant assets.
- Cable Modems and Routers lying on hand at the year-end are included in Capital Work in Progress. On installation, such devices are capitalized or treated as sale based on scheme opted by the customers.



## **HATHWAY BHAWANI CABLETEL & DATACOM LIMITED**

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- Nature of some of the items included in Capital Work in Progress is such that the same may be used for repairs and maintenance.

### **4) DEPRECIATION \ AMORTISATION**

- a) The intangible assets are amortized on a straight line basis over their expected useful lives as follows:
  - Cable Television Franchisee is amortized over a period of twenty years.
  - Goodwill (non compete fees) is amortized over the non compete period as per the Underlying agreement.
- b) Depreciation on fixed assets is computed on written down value method, at the rates and manner prescribed in Schedule XIV to the Companies Act, 1956, other than Structural Fitting which have been depreciated according to the rental agreement for the period of three years.

### **5) INVESTMENTS**

Long-term investments in shares are stated at cost. The provision for diminution in value of such investments is made if such diminution is considered other than temporary.

### **6) INVENTORIES**

Stock of STB (Set Top Boxes) are valued at lower of cost or net realizable value.

### **7) PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS**

- a) A Provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources would be required to settle the obligation, and in respect of which a reliable estimate can be made. Provisions are reviewed on each balance sheet date and are adjusted to effect the current best estimation.
- b) Contingent liabilities are disclosed separately by way of note to financial statements after careful evaluation by the management of the facts and legal aspects of the matter involved in case of
  - i. a present obligation arising from the past event, when it is not probable that an outflow of resources will be required to settle the obligation.
  - ii. a possible obligation, unless the probability of outflow of resources is remote.
- c) Contingent Assets are neither recognised, nor disclosed.

### **8) RETIREMENT BENEFITS**

- a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- b) Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.

**9) TAXATION**

- a) Provision for Current Tax is made on the basis of taxable profits computed for the current accounting period (reporting period) in accordance with the Income Tax Act, 1961
- b) Deferred Tax is calculated at the tax rates and laws that have been enacted or substantively enacted as of the Balance Sheet date and is recognized on timing difference that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable income. Other deferred tax assets are recognized only to the extent that there is a reasonable certainty of realisation in future.

**10) REVENUE RECOGNITION:**

Income from Operations is recognized on accrual basis based on agreements / arrangements with the concerned parties.

Revenue from sale of prepaid Internet Service plans is recognized on time proportion basis, in those cases where such plans are active at the year end. In all other cases, entire revenue is recognized in the year of sale.

Subscription Income from Cable TV Operators is accrued monthly based on number of connections declared by the said operators to the Company. In cases where revision of number of connections and rate is under negotiations at the time of recognition of revenue, the Company recognizes revenue as per invoice raised. Adjustments for the year, if any, arising on settlement is adjusted against the Revenue. Other cases are reviewed at the year-end and provision for doubtful debts is made wherever ultimate realization is considered uncertain.

Interest income is recognized on accrual basis.

**11) ACCOUNTING FOR LEASES**

Rentals in respect of agreements in the nature of operating leases as defined in Accounting Standard 19 on "Leases" are treated as revenue.

**12) IMPAIRMENT**

The Company assesses at each balance sheet whether there is any indication that an asset may be impaired. If any such indications exist, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

**13) FOREIGN EXCHANGE TRANSACTIONS :**

- a) Foreign currency transactions are recorded at the exchange rate prevailing at the date of transactions. Exchange difference arising on settlement of transactions is recognized as income or expense in the year in which they arise.
- b) Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at the year-end rate and difference in translations and realized gains / (losses) on foreign currency transactions are recognized in the profit & loss account.

## **HATHWAY BHAWANI CABLETEL & DATACOM LIMITED**

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### 14) **BORROWING COST :**

Borrowing Costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other Borrowing costs are recognized as an expense in the period in which they are incurred.

### **B. Notes on Accounts**

- 1) Additional Information as required under Part II of Schedule VI of the Companies Act, 1956, have been given to the extent applicable to the Company.

	<b><u>Current Period</u></b> <b><u>Rupees</u></b>	<b><u>Previous Period</u></b> <b><u>Rupees</u></b>
CIF Value of Imports	1,549,838	1,765,281
Expenditure in foreign currency	Nil	Nil
Earning in foreign currency	Nil	Nil

- 2) Director's Remuneration:

	<b><u>Current Period</u></b> <b><u>Rupees</u></b>	<b><u>Previous Period</u></b> <b><u>Rupees</u></b>
Remuneration to Managing Director	1,020,000	1,020,000
Reimbursement of Expenses	231,991	191,194

- 3) Under the Micro, Small and Medium Enterprises Development Act, 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. The Company is in the process of compiling relevant information from its supplier about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of this Act is not expected to be material.
- 4) Debtors, Creditors, Loans & advances and deposits are taken as appearing in the books and are subject to confirmation. In the opinion of the management, the Debtors and Loans & advances have a realisable value in the ordinary course of business not less than the amount at which they are stated in the Balance Sheet and wherever necessary, adequate provision have been made.
- 5) Previous year figures are rearranged and regrouped, wherever considered necessary.
- 6) Estimated amount of contracts (net of advance) remaining to be executed on capital account and not provided for as on 31st March 2009 amounts to Rs.Nil.(Previous period Rs. 50600/-).

### 7) **CONTINGENT LIABILITIES**

- (a) Claims against the Company not acknowledged, as debts are Rs.2,532,647/- (Previous period Rs. 2,432,245/-).
- (b) Outstanding Bank Guarantees Rs.1,714,090 /- (Previous period Rs. 1,691,000/-).

### 8) **REVISED ACCOUNTING STANDARD 15**

- a) Defined Benefit Plans:

The present value of the defined benefit obligations and the related current service cost were measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

The following table provides the disclosures in accordance with Revised AS 15.

Reconciliation of opening and closing balance of the present value of the defined benefit obligation and plan assets:

Category	As at 31st March 2009 [Gratuity (Rs.)]	As at 31st March 2008 [Gratuity (Rs.)]
<b>1 Change in benefit obligations:</b>		
Projected benefit obligations at beginning of the year	530,495	432,283
Current Service Cost	108,482	81,170
Interest Cost	49,898	34,583
Benefits Paid	(29,607)	(17,541)
Actuarial (Gain) / (Loss)	16,941	-
Projected benefit obligations at end of the year	676,209	530,495
<b>2 Change in plan assets:</b>		
Plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial (Gain) / (Loss)	-	-
Contributions by Employer	29,607	-
Benefits Paid	(29,607)	-
Plan assets at the beginning of the year	-	-
<b>3 Reconciliation of present value of the obligation and the fair value of plan assets</b>		
Fair Value of plan assets at the end of the year	-	-
Present value of the defined benefit obligations at the end of the year	676,209	530,495
Liability / (Asset) recognised in the Balance Sheet	676,209	530,495
<b>4 Cost for the year</b>		
Current Service Cost	108,482	81,170
Interest Cost	49,898	35,853
Expected return on plan assets	-	-
Actuarial (Gain) / (Loss)	16,941	-
Net Cost recognised in the Profit and Loss Account	175,321	115,753
<b>5 Assumptions</b>		
Interest rate for discount	7.95%	8%
Estimated rate of return on plan assets	0%	0%
Mortality	LIC (94-96) Mortality Table	LIC (94-96) Mortality Table
Salary Escalation	3% - 7%	4% - 7%

b) *Defined Contribution Plans:*

"Contribution to provident and other funds" is recognised as an expense in Schedule L of the Profit and Loss Account.

**9. SEGMENTAL REPORTING**

The Company is a Multi System Operator providing Cable Television Network Services, Internet Services and allied services which is considered as the only reportable segment. The Company's operations are based in India.

## HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

### 10. RELATED PARTY DISCLOSURES

I. Enterprise where control exists:

- a. Hathway Cable & Datacom Pvt. Ltd.
- b. Hathway Media Vision Pvt. Ltd. (Formerly known as United Cable Network Pvt. Ltd.)
- c. Hathway Investments Pvt. Ltd.

The above three enterprises constitute a group as per Articles of Association of the Company and accordingly jointly control majority of the voting power.

II. Other related parties with whom the Company had transactions.

- |  |   |
|--|---|
| a) Mr. Kuldeep Puri                            | Managing Director – Key Management Personnel    |
| b) Mr. Kulbhushan Puri as Karta<br>Relative of | of M/s Kulbhushan Puri HUF<br>Managing Director |

(Rupees)

Description	Enterprises where Control exists	Key Management Personnel	Relatives of Key Management Personnel
1. Remuneration paid Mr. Kuldeep Puri	Nil (Nil)	1,020,000 (1,020,000)	Nil (Nil)
2. Consultancy paid Mr. Kulbhushan Puri HUF	Nil (Nil)	Nil (Nil)	1,080,000 (920,000)
3. Reimbursement of expenses paid  Mr. Kuldeep Puri  Mr. Kulbhushan Puri HUF	Nil (Nil)	  231,991 (191,194)	   211,254 (211,254)
4. Purchase of assets/STB Hathway Cable & Datacom Pvt. Ltd.	2,362,250 (2,148,500)	Nil (Nil)	Nil (Nil)
5. Advertisement revenue/Placement Fees Hathway Cable & Datacom Pvt. Ltd.	1,210,803 (3,651,191)	Nil (Nil)	Nil (Nil)
6. ISP Access Expenses Hathway Cable & Datacom Pvt. Ltd.	10,669,086 (7,892,549)	Nil (Nil)	Nil (Nil)
7. Outstanding balance: - Sundry Creditors Hathway Cable & Datacom Pvt. Ltd.	9,993,631 (7,731,891)	Nil (Nil)	Nil (Nil)
- Outstanding liability for expenses Mr. Kuldeep Puri	Nil (Nil)	99,093 (68,690)	
Mr. Kulbhushan Puri HUF			79,803 (159,606)

**11. LEASES**

The Company has leasing arrangements in terms of Accounting Standard 19 on "Leases" issued by the Institute of Chartered Accountants of India, in respect of Operating Leases for premises and equipments. These leasing arrangements, which are not non-cancelable generally, range between 11 months to 33 months and are usually renewable by mutual consent on mutually agreeable terms. The amount of such lease rentals debited to the Profit & Loss Account for the year is Rs. 2,821,379 (Previous Year Rs. 2,592,204).

**12. EARNING PER SHARE**

Particulars	Current Year	Previous Year
Profit \ (Loss) after tax (including prior period adjustment and adjustment for short provision of earlier years) – (Rs.)	4,993,427	(5,310,872)
No. of ordinary shares (No.'s)	8,000,000	8,000,000
Nominal value of ordinary shares (Rs.)	10.00	10.00
Basic Earnings per share (Rs.)	0.62	(0.66)

**13. DEFERRED TAX LIABILITY (NET OF ASSETS)**

	Deferred Tax Liabilities / Assets as at 31.3.2009	Deferred Tax Liabilities / Assets as at 31.3.2008
<u>Deferred Tax Liabilities</u>		
a) Difference between book and tax depreciation	5,911,636	6,401,109
b) Other deferred tax liabilities	Nil	Nil
	<u>5,911,636</u>	<u>6,401,109</u>
<u>Deferred Tax Assets</u>		
a) Provision for Gratuity	229,843	180,315
b) Disallowance under section 43B	200,258	101,178
	<u>430,101</u>	<u>281,493</u>
Deferred Tax Liability (Net of Assets)	<u>5,481,535</u>	<u>6,119,616</u>

In the absence of virtual certainty of availability of taxable business income in near future against which the deferred tax assets can be adjusted, the Company has not recognised deferred tax assets on unabsorbed depreciation and business losses.

**14. INTANGIBLE ASSETS**

Based on factors such as past experience, industry trends, value added services and quality of services provided by the Company, trends in other countries, various changes proposed in the regulations governing the industry, future business plans, estimated residual value etc., the Company is of the opinion that the useful life of the Cable Television Franchise acquired by the company will exceed twenty years. Accordingly, the same has been amortised over a period of twenty years from date of acquisition.

## HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

### 15. PRIOR PERIOD ADJUSTMENTS (NET)

Particulars of income or expenditure of prior period credited or debited to the Profit & Loss Account is as under :

Particulars	Current Period	(In Rupees)
		Previous Period
<u>Income</u>		
a) Income of earlier years credited to Profit and Loss Account	2,809,658	456,744
b) Reversal of income of earlier years debited to the Profit and Loss Account	(960)	(381,097)
	<u>2,808,698</u>	<u>75,647</u>
<u>Expenses</u>		
a) Expenses of earlier years debited to the Profit and Loss Account	(1,186,512)	(15,000)
b) Reversal of Expense earlier years Credited to the Profit and Loss Account	1,280,334	250,696
	<u>93,822</u>	<u>235,696</u>
<b>Prior Period Adjustments (Net)</b>	<b><u>2,902,520</u></b>	<b><u>311,343</u></b>

### 16. TURNOVER, CLOSING AND OPENING STOCK

Quantitative Details of Cable Television and Internet Access Devices

Particulars	Current Period		Previous Period	
	Units	Amount (Rs.)	Units	Amount (Rs.)
Opening Stock	468	207,916	417	556,133
Add: Purchases	4115	2,181,566	2842	2,278,509
Less: Sales	3007	(1,840,623)	2756	(3,051,977)
Less: Distribution	1189	(588,885)	35	(28,893)
Closing Stocks	387	269,109	468	207,916

As Per Our Report Of Even Date  
For G. M. Kapadia & Co.  
Chartered Accountants

For and on behalf of the Board

VIREN THAKKAR  
(Partner)  
(Membership No. 49417)

KULDEEP PURI  
Managing Director

K. JAYARAMAN  
( Chairman )

MILIND KARNIK  
( Director )

Mumbai  
Dated : 30th June, 2009

Mumbai  
Dated : 30th June, 2009

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I REGISTRATION DETAILS**

Registration No : 11-34514 of 1984  
 Balance Sheet Date : 31-3-2009

**II CAPITAL RAISED DURING THE YEAR (Rupees in thousands)**

Public Issue : Nil  
 Rights Issue : Nil  
 Bonus Issue : Nil  
 Private Placement : Nil

**III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS**

(Rupees in thousands)

Total Liabilities : 105,305  
 Total Assets : 105,305

**SOURCES OF FUNDS**

(Rupees in thousands)

Paid-up Capital : 80,000  
 Share Application Money : Nil  
 Reserves and Surplus : 15,000  
 Secured Loans : 4,823  
 Unsecured Loans : Nil  
 Deferred Tax Liability (Net of Assets) : 5,482

**APPLICATION OF FUNDS**

(Rupees in thousands)

Net Fixed Assets : 53,446  
 Investments : 133  
 Net Current assets : (437)  
 Miscellaneous Expenditure : Nil  
 Accumulated Losses : 52,163

**IV PERFORMANCE OF THE COMPANY**

(Rupees in thousands)

Turnover : 122,721  
 Total expenditure : 121,003  
 Profit/(Loss) Before Tax : 1,718  
 Profit/(Loss) After Tax : 2,091  
 Prior Period Income / (Income) : 2,903  
 Transaction Provi.for employee benefit :  
 Earnings Per Share in Rs.(Basic & Diluted) : 0.62  
 Dividend rate % : Nil

**V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY. (AS PER MONETARY TERMS)**

Item Code No. (ITC Code) : N.A.  
 Product Description : N.A.

**K. Jayaraman**  
(Chairman)

Place : Mumbai  
 Date : 30<sup>th</sup> June, 2009

**Kuldeep Puri**  
(Managing Director)

**Milind Karnik**  
(Director)



## Hathway Bhawani Cabletel & Datacom Limited

Regd. Office: "Rahejas", 4th Floor, Corner of Main Avenue & V.P. Road, Santacruz (West), Mumbai - 400 054

### Attendance Slip

**To be handed over at the entrance of the meeting place.**

Name of the Attending Member ( In Block Letters): \_\_\_\_\_

Folio No/ Client ID no.\*: \_\_\_\_\_

No. of Shares held: \_\_\_\_\_

DP ID No.\*: \_\_\_\_\_

Name of the Proxy (In Block Letters): \_\_\_\_\_

(To be filled in if the Proxy attends instead of the Member)

I hereby record my presence at the 25<sup>th</sup> Annual General Meeting of the Company at Sanjona Complex, 5th Floor, Hemu Kalani Marg, Plot 11-A, Sindhi Society, Chembur, Mumbai – 400 071, at 4.00 P.M. on Wednesday, 30<sup>th</sup> September 2009.

\_\_\_\_\_  
Member's / Proxy's Signature

(To be signed at the time of handling over this slip)

**Note :** Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.

\* Applicable if the shares are held in dematerialised form.

\_\_\_\_\_ Please cut here \_\_\_\_\_

## Hathway Bhawani Cabletel & Datacom Limited

Regd. Office: "Rahejas", 4th Floor, Corner of Main Avenue & V.P. Road, Santacruz (West), Mumbai - 400 054

### Proxy Form

I/We \_\_\_\_\_ of \_\_\_\_\_ being a Member / Members of the above named Company, hereby appoint \_\_\_\_\_ or failing him \_\_\_\_\_ as my/ our Proxy to attend and vote for me/us and on my /our behalf at the 25<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, 30<sup>th</sup> September, 2009 at 4.00 P.M. and at any adjournment thereof. Unless otherwise instructed, the proxy will act as he thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

Folio No/ Client ID no\*.: \_\_\_\_\_

DP ID No.\*: \_\_\_\_\_

No. of Shares: \_\_\_\_\_

Signature

affix  
1 Rupee  
Revenue  
Stamp

**Note:** Proxy form must reach the Company's Registered Office not less than 48 Hours before the Meeting

\* Applicable if the shares are held in dematerialised form.

BOOK-POST

*If Undelivered, Please Return to :*

**Hathway Bhawani Cabletel & Datacom Ltd.**

Sanjona Complex, 5<sup>th</sup> Floor, Hemu Kalani Marg,

Plot No. 11-A, Sindhi Society,

Chembur, Mumbai – 400 071.

*Das Printing : 40026615/16*