



# **Hathway Bhawani Cabletel & Datacom Ltd.**

**17th Annual Report  
2001-2002**

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CABLE INTERNET  
MEGA BYTES IN MINI SECONDS

**HATHWAY BHAWANI CABLETEL & DATACOM LIMITED***(formerly known as Seven Heaven Leasing & Finance Limited)***Board of Directors**

Mr. K. Jayaraman  
 Mr. Kuldeep Puri  
 Mr. Praveen Shrikhande  
 Mr. Sanjiv Chainani  
 Mr. Milind Karnik  
 Mr. Neeraj Bhatia  
 Mr. Ketan Chokshi

**Chairman**  
**Managing Director**

**Auditors**

G.M. Kapadia & Co.  
 Chartered Accountants

**Registered Office**

"Rahejas", 4<sup>th</sup> Floor,  
 Corner of Main Avenue & V.P. Road,  
 Santacruz (West), Mumbai – 400 054

**Bankers**

Bank of Maharashtra  
 The Federal Bank Limited  
 HDFC Bank Limited  
 UTI Bank Limited

**ADDITIONAL INFORMATION****Administrative Office**

208, Balkrishna Centre, N.G. Acharya Marg,  
 Chembur (East), Mumbai – 400 071  
 Phone No. 555 77 88

**Registrar & Transfer Agents**

R & D Consultants Ltd.  
 610, Dalamal Tower,  
 211, Nariman Point, Mumbai – 400 021  
 Phone No. 288 46 67/8  
 Fax No. : 285 57 59  
 Gram : SHAREHOLDER

**Details of Dematerialisation of Shares**

Company's No. for Dematetialisation is ISIN ~~IN~~NE525B01016  
 (With National Securities Depository Limited)

**HATHWAY BHAWANI CABLETEL & DATACOM LIMITED**  
(formerly known as Seven Heaven Leasing & Finance Limited)

### **NOTICE**

**NOTICE IS HEREBY GIVEN THAT** the Seventeenth Annual General Meeting of the Company will be held on Thursday, 27<sup>th</sup> day of September, 2001, at 4.00 p.m., at 'Rahejas', 6<sup>th</sup> Floor, Corner of Main Avenue & V. P. Road, Santacruz (West), Mumbai - 400 054, to transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2001 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. Praveen Shrikhande, 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. Milind Karnik, 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.

**BY ORDER OF THE BOARD**

Place: Mumbai  
Dated: 26<sup>th</sup> July, 2001.

**K. JAYARAMAN**  
Chairman

#### **REGISTERED OFFICE:**

'Rahejas', 4<sup>th</sup> Floor, Corner of Main Avenue & V. P. Road, Santacruz (West), Mumbai - 400 054.

#### **NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, if any, in order to be effective must be received at the Company's Registered Office not later than 48 hours (Forty Eight hours) before the time fixed for holding the meeting.
3. The Register of the Members and the Share Transfer Books of the Company will remain closed from Friday, 21<sup>st</sup> September, 2001 to Thursday, 27<sup>th</sup> September, 2001 (both days inclusive).
4. The profile of the Directors seeking re-appointment under Item No.2 & 3 is annexed to this Notice.

**PROFILE OF THE DIRECTORS SEEKING RE-APPOINTMENT****1. Name : Mr. Praveen Shrikhande**

Father's name : Mr. Kailashchandra Shrikhande

Date of Birth : 25<sup>th</sup> March, 1967.**Qualification & Experience :**

Mr. Praveen Shrikhande is a Graduate in Computer Science from IIT, Mumbai and a post graduate in Finance and Marketing from IIM, Bangalore. He started his career in April, 1992, with the ICICI. After working with ICICI, he joined the Hathway Group in December, 1993. For the past 3 years he is working with Hathway Cable & Datacom Private Limited. Currently he is working as the Chief Technology Officer of Hathway Cable & Datacom Private Limited. He was appointed as a Director on the Board of the Company on 6<sup>th</sup> May, 1999.

Mr. Praveen Shrikhande is also Director of many other Companies such as Bee Network & Communication Private Limited, Binary Technology Transfers Private Limited, Channels India Network Private Limited, Hathway Channel 5 Cable & Datacom Private Limited, Hathway CNet Private Limited, Hathway Internet Satellite Private Limited, Hathway Software Developers Private Limited, Hathway Space Vision Cabletel Private Limited, Hathway Visual Network Private Limited, Ideal Cables Private Limited, Liberty Cable Network Private Limited, Pan Cable Services Private Limited, United Cable Network Private Limited, UTN Cable Communications Private Limited, Vision India Network Private Limited and Win Cable & Datacom Private Limited.

**2. Name : Mr. Milind Karnik**

Father's name : Late Mr. Dattatraya Karnik

Date of Birth : 2<sup>nd</sup> December, 1960**Qualification & Experience :**

Mr. Milind Karnik, is member of the Institute of the Chartered Accountants of India, the Institute of the Company Secretaries of India and the Institute of Cost & Work Accountants of India. He also holds the Bachelors Degree in General Laws. At the beginning of his career in 1984-85, he worked with leading audit firms such as M/s. R. S. Mama & Co. and A. F. Ferguson, as Senior Auditor and Assistant Audit Manager, respectively. In October 1985, he joined the Financial Management Information System Department with Hoechst India Ltd.

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In 1987, he was deputed as Cost Controller of Agrochemicals Division. Later in the beginning of 1988, he joined the Citicorp Group and had worked in various capacities beginning with the Assistant Financial Controller & Company Secretary with Citicorp Overseas Software Limited, Company Secretary with Citicorp Information Technology Industries Limited and Chief Financial Officer & Company Secretary with Citicorp Securities and Investments Limited.

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

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

Mr. Milind Karnik is also a Director of many other Companies such as Binary Technology Transfers Private Limited, Chandigarh Convergence Consortium Private Limited, Chennai Cable Vision Network Private Limited, Channel Five Network Private Limited, Hathway Cable Vision Private Limited, Hathway Channel 5 Cable & Datacom Private Limited, Hathway Data.com Private Limited, Hathway Infotech & Datacom Private Limited, Hathway Internet Satellite Private Limited, Hathway Krishna Cable Private Limited, Hathway Nashik Cable Network Private Limited, Hathway Software Developers Private Limited, Hathway Space Vision Cabletel Private Limited, Hathway Universal Cabletel & Datacom Private Limited, Hathway United Cables Private Limited, Hathway VCN Cablenet Private Limited, Hathway Vijaynagar Cable Private Limited, Ideal Cables Private Limited, KSW Network Private Limited, Liberty Cable Network Private Limited, Pan Cable Services Private Limited, United Cable Network Private Limited and Win Cable & Datacom Private Limited.



## **DIRECTORS' REPORT**

Dear Members,

We are pleased to present herewith the Seventeenth Annual Report to the Members together with the Audited Statement of Accounts for the year ended March 31, 2001

	(Rs. In Lakhs)	
<b>FINANCIAL HIGHLIGHTS</b>	<b>2000 - 01</b>	<b>1999 - 00</b>
Operating & Other Income	235.62	85.42
Gross Operating Profit/(Loss) before depreciation & taxes	42.65	(3.55)
Depreciation	29.34	24.26
Provision for Taxation	Nil	Nil
Net Profit/(Loss)	13.04	(28.08)
Loss carried to balance sheet after adjustments	(14.50)	(27.85)

### **OPERATIONS**

At the outset, we are happy to report that during the year under review your Company has turned the corner and has made a net profit of Rs. 13.04 Lakhs on a turnover and other income of Rs. 235.62 Lakhs. The turnover of the Company has increased by 175% over the corresponding period last year. In view of the accumulated losses, your Directors express their inability to declare any dividend for the year under review.

### **INDUSTRY REVIEW**

Times have indeed, changed for the cable television industry, whose growth in 1990 was spurred by the vivid live news capsules of the Gulf War by CNN. With convergence becoming a reality, a decade later, the cable television industry stands poised for phenomenal growth. The gap between television owning households and cable penetration is expected to continue till 2005, thus demonstrating the opportunities open for increase in subscriber base.

Cable channels attract advertisements worth approx. Rs.250-300 Crores annually. But with niche marketing and consumer group oriented marketing gaining popularity, advertisers are increasingly seen approaching cable networks to target subscribers of the desired economic background, culture, etc. Advertisement revenues that can be generated by cable networks too provides immense opportunities for cable operators.

And while Research study estimates the demand for cable television to be four times greater than the demand for PCs, the Internet is going to add that extra fillip to the cable television industry. The Internet aspect undoubtedly holds great potential and significant promise to cable operators to expand their services.

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## **YEAR UNDER REVIEW**

During the year under review, your Company has undertaken aggressive expansion in Chembur, Sion, Dadar and other parts of Central Mumbai for the development of Cable Business,

During the year Company's Own Cable Channels branded as BTV Super hit, Bhawani Viewers Choice and Upasana Channels continued to enjoy patronage from its subscribers.

Your Company continued to invest in latest equipment for upgrading its existing Cable TV Network for improving Cable TV services and also for providing Internet and other value added services to its subscribers.

With digital compression in cable television, the number of channels the customer could expect in his/her living room is expected to swell to 200. The Company has already taken constructive steps through extensive modernization to cover more channels from existing 70 to 90 in immediate future. This shall enable increase in channel menu and shall enable the Company to have a winning edge over its competitors. Aggressive expansion for the development of Cable Business continued to be major thrust during the current year also.

Your Directors are optimistic that the Company would be able to report better performance during the current year.

## **INTERNET SERVICE PROVIDER LICENSE**

The Company has received the Category 'B' Internet Service Provider license dated 13<sup>th</sup> September, 2000, for Mumbai Circle from the Department of Telecommunications. The said license is valid for a period of 15 years and renewable thereafter.

## **CAPITAL EXPENDITURE**

During the year under review, your Company has incurred the total Capital Expenditure of Rs. 261.21 Lakhs as against the last year's expenditure of Rs. 422.67 Lakhs. The said amount of Rs. 261.21 Lakhs includes a sum of Rs. 187.58 Lakhs toward capital work in progress pending allocation.

The expenditure was mainly in the form of upgrading the cable TV Headend and Distribution Network.

All these expenditures are designed to increase the reach, improve services and eventually the profitability for the Company.

**ADDITIONAL CAPITAL**

During the year under review, your Company has issued and allotted 60,00,000 equity shares of the Company on a preferential basis for cash at Rs. 12.50 per equity share, which includes Rs. 2.50 toward the share premium. The aforesaid allotment was made in accordance with the guidelines issued by the Securities and Exchange Board of India in this regard.

**DIRECTORS**

Mr. Praveen Shrikhande and Mr. Milind Karnik, Directors of the Company are liable to retire by rotation and being eligible offered themselves for reappointment. Your Directors commend the resolution for their reappointment.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors in compliance of Section 217 (2AA) of the Companies Act, 1956 confirm that in the preparation of the annual accounts for the year ended March 31, 2001: -

- (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 judgements 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, 2001 and the profit of the Company for that period;
- (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 Auditors of the Company for the year, retire and being eligible, offer themselves for reappointment. Your Directors recommends their reappointment.

**AUDITORS REPORT**

The Auditors in their report to the members have made certain observation for an internal audit system and strengthening of the internal control procedures. Your Directors are of the view that commensurating with the size of the organisation and the nature of industry to which your Company belongs, the internal control systems and procedures are adequate.