



18th Annual Report 2001-2002



ANNUAL REPORT - 2001-2002

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

(Formerly known as Seven Heaven Leasing & Finance Limited)

Board of Directors

Mr. K. Jayaraman	Chairman
Mr. Kuldeep Puri	Managing Director
Mr. Sanjiv Chainani	
Mr. Milind Karnik	
Mr. Neeraj Bhatia	
Mr. Ketan Chokshi	
Mr. C. Raveendra	

Auditors

G.M. Kapadia & Co.
Chartered Accountants

Registered Office

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

Bankers

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

Administrative Office

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

Registrar & Transfer Agent

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 ISIN INE525B01016 for Dematerialisation
With National Securities Depository Limited (NSDL) and
Central Depository Services Limited (CDSL)

HATHWAY BHAWANI CABLETEL & DATACOM LTD.

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

(Formerly known as Seven Heaven Leasing & Finance Limited)

NOTICE

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of the members of the Company will be held on Monday, 30th day of September, 2002, at 4.00 p.m. at 'Rahejas', 6th Floor, Corner of Main Avenue & V. P. Road, Santacruz (West), Mumbai - 400054, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002 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. Neeraj Bhatia, 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.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. C. Raveendra, who was appointed as an Additional Director of the Company, pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 90 of the Articles of Association of the Company, on 29th June, 2002 and holds office upto the ensuing Annual General Meeting and for whom the Company has received a notice in

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writing from a member of the Company, proposing his appointment as a Director under Section 257(1) of the Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retirement by rotation."

REGISTERED OFFICE:
'Rahejas', 4th Floor,
Corner of Main Avenue &
V. P. Road, Santacruz (W),
Mumbai - 400 054.

BY ORDER OF THE BOARD

K. JAYARAMAN
Chairman

Place: Mumbai
Dated: 30th July, 2002

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, 27th September, 2002 to Monday, 30th September, 2002 (both days inclusive).
4. The Explanatory Statement, pursuant to section 173(2) of the Companies Act, 1956, is annexed herewith.
5. The profiles of the Directors seeking reappointment / appointment as stated in Item No. 2, 3 & 5 are annexed to this Notice.

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HATHWAY BHAWANI CABLETEL & DATACOM LTD.

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

Item No. 5:

Mr. C. Raveendra was appointed as an Additional Director of the Company with effect from 29th June 2002 pursuant to the provisions of Section 260 of the Companies Act, 1956 and read with to Article 90 of the Articles of Association of the Company. Pursuant to the provision of the said section, he will hold office till the ensuing Annual General Meeting of the Company. Your Company has received a notice in writing from a member of the Company, proposing his appointment as a Director under Section 257(1) of the Companies Act, 1956. The Board recommends the appointment of Mr. C. Raveendra as a Director of the Company.

The resolution vide Item No. 5 is therefore proposed for your approval.

None of the Directors of the Company except Mr. C. Raveendra, is interested or concerned in this resolution.

REGISTERED OFFICE:
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Mumbai - 400 054.

BY ORDER OF THE BOARD

K. JAYARAMAN
Chairman

Place: Mumbai
Dated: 30th July, 2002

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PROFILE OF THE DIRECTORS

- | | | |
|---------------|---|---------------------------------------|
| 1. Name | : | Mr. Neeraj Bhatia |
| Father's name | : | Mr. Jaikrishan Bhatia |
| Date of Birth | : | 5th December, 1972. |

Qualification & Experience:

Mr. Neeraj Bhatia is a B. Tech (Hons) from IIT Kharagpur and a PGDM from IIM Ahmedabad. He has a total work experience of 5 years. He started his career as a financial analyst with Peregrine Capital India Private Limited and worked there for one and half years. He is working with Hathway Group since the last 4 years. At present he is working as the Vice President (Operations) West in Hathway Cable & Datacom Private Limited. He was appointed as a Director on the Board of the Company on 6th May, 1999.

Mr. Neeraj Bhatia is also Director of many other Companies such as Hathway Nashik Cable Network Private Limited, Hathway Space Vision Cabletel Private Limited, ITV Interactive Media Private Limited, Liberty Cables Network Private Limited, Pan Cable Services Private Limited, United Cable Network Private Limited, and Win Cable & Datacom Private Limited.

- | | | |
|---------------|---|---------------------------------------|
| 2. Name | : | Mr. Ketan Chokshi |
| Father's name | : | Late Rajnikant Chokshi |
| Date of Birth | : | 2nd November, 1966. |

Qualification & Experience:

Mr. Ketan Chokshi is a member of the Institute of the 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 in Puru Investments & Consultants Private Limited, Asian CERC Information Technology Limited.

HATHWAY BHAWANI CABLETEL & DATACOM LTD.

3. Name	:	Mr. C. Raveendra
Father's Name	:	Late C. Subramaniam
Date of Birth	:	13 th April, 1967.

Qualification & Experience:

Mr. C. Raveendra is a graduate in Production Engineering and Management from REC, Calicut and a post graduate in Management from IIM, Ahmedabad. He started his career in 1989 as a Development Engineer with Indian Aluminium Company Limited. After his post graduation in 1993, he worked as a Senior Rating Analyst and Branch Manager in Credit Rating Information Services of India Limited (CRISIL). He joined the Hathway Group in January, 1996 and worked in the areas of treasury, corporate finance and investment management. At present he is working as the Financial Controller in Hathway Cable & Datacom Private Limited. He was appointed as a Director on the Board of the Company on 29th June, 2002.

Mr. C. Raveendra is also Director of many other Companies such as Bee Network & Communication Private Limited, Binary Technology Transfers Private Limited, Chennai Cable Vision Network Private Limited, Channel Five Cable Network Private Limited, Channels India Network Private Limited, Hathway Cabletech Services Private Limited, Hathway Cable Vision Private Limited, Hathway Channel 5 Cable & Datacom Private Limited, Hathway Cnet Private Limited, Hathway Data.com Private Limited, Hathway Infotech & Datacom Private Limited, Hathway Internet Satellite 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, Hathway Visual Network Private Limited, Ideal Cables Private Limited, KSW Network Private Limited, Liberty Cables Network Private Limited, UTN Cable Communications Private Limited, Vision India Network Private Limited and Win Cable & Datacom Private Limited.

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ANNUAL REPORT - 2001-2002**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Eighteenth Annual Report to the Members together with the Audited Statement of Accounts for the financial year ended March 31, 2002.

FINANCIAL HIGHLIGHTS

	(Rs. in Lakhs)	
	<u>2001-02</u>	<u>2000-01</u>
Operating & Other Income	252.15	235.62
Gross Operating Profit / (Loss) before depreciation & taxes	(26.01)	42.65
Depreciation	49.00	29.34
Provision for Diminution in the value of Investment	22.65	Nil
Deferred Taxes	10.68	Nil
Net Profit / (Loss)	(108.78)	13.04
Loss carried to balance sheet after adjustments	(136.70)	(14.50)

REVIEW OF OPERATIONS

During the year under review, the total income of your Company was Rs. 252.15 lakhs as compared to the last year's income of Rs. 235.62 Lakhs. During the year your Company has successfully commenced the operations of Broadband ISP business, which has contributed Rs. 7.69 Lakhs to its Operational Income. During the year, your Company continued emphasise its focus expansion in Chembur, Sion, Dadar, New Bombay and other parts of Central Mumbai. Your Company has expanded its operations in the new centre by taking over the management of the Head-end Control room at Mumbra, which is just at the outskirts of Mumbai.

Profitability of your Company has been down due to heavy increase in the Pay Channels cost and other operational expenses. In view of the losses suffered, your Directors express their inability to declare any dividend for the year under review. Several measures are being taken for controlling and reducing the administration and other costs and to shore up income.

HATHWAY BHAWANI CABLETEL & DATACOM LTD.

YEAR UNDER REVIEW AND BUSINESS PROSPECTS

During the year under review, your Company has further invested in the latest equipment to upgrade its existing network with 9 Optical Nodes, which is now in operation. This upgradation became necessary in order to facilitate in providing Internet services, which in view of your Directors, need to be offered to the subscribers as your Company desires to be forefront of modern technology. This will improve in providing the qualitative services to the subscribers as well as prepare itself for other value-added services like 'Voice over Internet' and more popularly called [VOIP]. Incidentally, your Company has already applied to the Government of India for the Voice Over Internet license. Your Directors are of the view that, the VOIP will offer a new stream of revenue for your Company.

During the year, your Company's own cable channels branded as "BTV Super hit" and "Bhawani Viewers Choice" continues to enjoy patronage from its viewers.

In December 2001, your Company ventured into new territory at just outskirts of Mumbai i.e. in Mumbra. Your Company took over the management of the Head-end Control Room of M/s National Dish Service.

Your Company is making its best endeavour to expand its area of operations and increase the subscription rates in the existing area in view of the increased cost of pay channels, which it couldn't pass on to the subscribers due to fierce competition.

Your Directors are monitoring the latest development with regard to the proposed move from the Government to bring in the new order in the cable TV industry, by introducing the Conditional Access System [CAS]. The objective of the new legislation is to provide freedom to the viewers to choose their pay channels and pay accordingly. In the interest of the viewing masses, your Company welcomes the proposed move on the part of Government. It however, needs to be observed as to how the ground reality emerges in the changing scenario. Your Directors however, believe that the operations in the industry will be determined by the market forces, qualitative services and the strategic business moves by your Company in the times to come.

CAPITAL EXPENDITURE

During the year under review, your Company has incurred a total Capital Expenditure of Rs. 98.17 lakhs as compared to the last year's expenditure of Rs. 261.21 Lakhs. The said amount of Rs. 98.17 Lakhs includes a sum of Rs. 9.90 lakhs toward capital work in progress pending allocation.

ANNUAL REPORT - 2001-2002**PERSONNEL**

There are no employees who are falling within the ambit of the provision of Section 217(2A) 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/-, if employed through out the year.

DIRECTORS

Mr. Neeraj Bhatia and Mr. Ketan Chokshi, Directors of the Company retiring at the ensuing General Meeting have offered themselves for reappointment. Your Board recommends their reappointment.

Since the last Annual General Meeting, Mr. Praveen Shrikhande resigned from the Board of your Company. Your Directors place on record the meritorious services rendered by Mr. Praveen Shrikhande during his tenure as a Director of the Company.

During the period, Mr. C. Raveendra, was appointed as an Additional Director on the Board of the Company, who will hold office till the ensuing Annual General Meeting. Your Company has received a notice in writing from a member of the Company, proposing his appointment as a Director under Section 257(1) of the Companies Act, 1956. The Board recommends his appointment.

AUDIT COMMITTEE

Pursuant to the provision of Section 292A of the Companies Act, 1956, an Audit Committee has been set up comprising 3 members, namely Mr. K. Jayaraman, Mr. Milind Karnik and Mr. Sanjiv Chainani, Directors of the Company. Mr. K. Jayaraman was elected as 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 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 year under review, there is no foreign exchange earnings and outgo.