



# **HATHWAY BHAWANI CABLETEL & DATACOM LIMITED**

# **20<sup>th</sup>**

**Annual Report  
2003-2004**

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CABLE INTERNET  
MEGA BYTES IN MINI SECONDS

## HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

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

### **BOARD OF DIRECTORS**

Mr. K. Jayaraman  
Mr. Kuldeep Puri  
Mr. Sanjiv Chainani  
Mr. Milind Karnik  
Mr. Shailender Nath Sharma  
Mr. Ketan Chokshi  
Mr. G. Chandrashekar

*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  
Tel No: (022) 26001306 Fax No: (022) 26001307

### **BANKERS**

Bank of Maharashtra  
UTI Bank Limited  
HDFC Bank Limited

### **ADMINISTRATIVE OFFICE**

208, Balkrishna Centre, N.G. Acharya Marg,  
Chembur (East), Mumbai – 400 071  
Tel No: (022) 25217020 Fax No: (022) 2521 7025

### **REGISTRAR & TRANSFER AGENT**

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 Twentieth Annual General Meeting of the Company will be held on Wednesday, 29<sup>th</sup> day of September, 2004, at 4.00 p.m. at Sanjona Complex, 3rd Floor, Hemu Kalani Marg, Plot 11-A, Sindhi Society, Chembur, Mumbai – 400 071, to transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2004 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. Milind Karnik, 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. G. Chandrashekar, who was appointed as an Additional Director of the Company with effect from 29<sup>th</sup> September 2003 pursuant to the provisions of Section 260 of the Companies Act, 1956 and in accordance with the Articles of Association of the Company and whose term expires at the 20<sup>th</sup> Annual General Meeting of the Company and for the appointment of whom the Company has received a notice under Section 257 of the said act from a shareholder proposing the candidature of Mr. G. Chandrashekar for the office of a Director of the Company, be and is hereby appointed as a Director of the Company whose period of office shall be subject to retirement by rotation."

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

**"RESOLVED THAT** Mr. Shailender Nath Sharma, who was appointed as an Additional Director of the Company with effect from 29<sup>th</sup> November 2003 pursuant to the provisions of Section 260 of the Companies Act, 1956 and in accordance with the Articles of Association of the Company and whose term expires at the 20<sup>th</sup> Annual General Meeting of the Company and for the appointment of whom the Company has received a notice under Section 257 of the said act from a shareholder proposing the candidature of Mr. Shailender Nath Sharma for the office of a Director of the Company, be and is hereby appointed as a Director of the Company whose period of office shall be subject to retirement by rotation."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, approval of the members of the Company be and is hereby granted for the re-appointment of Mr. Kuldeep Puri as the Managing Director of the Company for a period of 3 years with effect from 1<sup>st</sup> June 2004 to 31<sup>st</sup> May 2007 on a remuneration of Rs. 71,000/- per month together with re-imbursement of Telephone and Motor Car and Fuel expenses incurred by him up to a limit of Rs. 15,000/- per month with liberty to the Directors to alter and vary terms and conditions of the aforesaid appointment and/or remuneration, as may be agreed to between the Directors and Mr. Kuldeep Puri.

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

**REGISTERED OFFICE:**

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

**BY ORDER OF THE BOARD**

**K. JAYARAMAN**  
Chairman

Place: Mumbai

Date: 30<sup>th</sup> June, 2004

**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.**
- Proxies, if any, in order to be effective must be received as the Company's Registered Office not later than 48 hours (Forty Eight hours) before the time fixed for holding the meeting.
- The Register of the Members and the Share Transfer Books of the Company will remain closed from Saturday, 25<sup>th</sup> September 2004 to Wednesday, 29<sup>th</sup> September 2004 (Both day inclusive).
- Detailed profiles of the Directors seeking appointment/re-appointment are attached to this notice.
- The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Item No. 5 to 7 are appended hereto.

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

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

#### **Item No. 5 and 6:**

Mr. G. Chandrashekar and Mr. Shailender Nath Sharma were appointed as Additional Directors of the Company during the year pursuant to the provisions of Section 260 of the Companies Act, 1956 and in accordance with the Articles of Association of the Company. Pursuant to the provisions of the said section, the term of office of Mr. G. Chandrashekar and Mr. Shailender Nath Sharma as Additional Directors shall expire at the 20<sup>th</sup> Annual General Meeting of the Company. In the meantime, the Company has received notices under Section 257 of the said Act from the shareholders proposing the respective candidatures of Mr. G. Chandrashekar and Mr. Shailender Nath Sharma for the office of Director of the Company. The Board recommends the appointment of Mr. G. Chandrashekar and Mr. Shailender Nath Sharma as Directors of the Company.

The resolutions vide Item No. 5 and 6 are therefore proposed for the approval of the Members.

Except Mr. G. Chandrashekar and Mr. Shailender Nath Sharma, none of the Directors shall be deemed to be concerned or interested in the said resolution.

#### **Item No. 7:**

Mr. Kuldeep Puri was appointed as Managing Director of the Company for a period of 5 years with effect from 1<sup>st</sup> June, 1999 on such terms and conditions as approved by the Shareholders at the 15<sup>th</sup> Annual General Meeting of the Company.

Considering the dynamic role, Mr. Kuldeep Puri is expected to play in the near future and the benefits expected to be reaped under his supervision, the remuneration committee at its Meeting held on 30<sup>th</sup> June, 2004 have recommended re-appointment of Mr. Kuldeep Puri for a period of 3 (three) years with effect from 1<sup>st</sup> June 2004 on the terms and conditions as mentioned in the resolution set out in the notice. The aforesaid recommendation made by the remuneration committee has been approved by the Board of Directors at its Meeting held on 30<sup>th</sup> June, 2004.

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

The resolution vide Item No. 7 is therefore proposed for the approval of the Members.

Except Mr. Kuldeep Puri, no other director shall be deemed to be concerned or interested in the resolution.

#### **REGISTERED OFFICE:**

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

#### **BY ORDER OF THE BOARD**

**K. JAYARAMAN**  
*Chairman*

Place: Mumbai

Date: 30<sup>th</sup> June, 2004

**Additional Information pursuant to Clause 49 of the Listing Agreement****PROFILES OF DIRECTORS**

- |                |   |                                |
|----------------|---|--------------------------------|
| <b>1. Name</b> | : | <b>Mr. Milind Karnik</b>       |
| 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 Limited. 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 Controller & 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 Cabletech Services 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 Krishna Cable Private Limited, Hathway Media Vision Private Limited, Hathway Mysore Cable Network Private Limited, Hathway Nashik Cable Network Private Limited, Hathway Software Developers Private Limited, Hathway Space Vision Cabletel Private Limited, Hathway Sukhamrit Cable & Datacom Private Limited, Hathway Universal Cabletel & Datacom Private Limited, Hathway United Cables Private Limited, Hathway VCN Cablenet Private Limited, Ideal Cables Private Limited, KSW Network Private Limited, Liberty Cable Network Private Limited, Pan Cable Services Private Limited and Win Cable & Datacom Private Limited.

Mr. Milind Karnik does not hold any membership/chairmanship in Board committees of any other company.

**HATHWAY BHAWANI CABLETEL & DATACOM LIMITED**

2. Name : Mr. Ketan Chokshi  
 Father's name : Late Mr. Rajnikant Chokshi  
 Date of Birth : 2<sup>nd</sup> 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 3<sup>rd</sup> April, 2000.

Mr. Ketan Chokshi is also Director in Asian CERC Information Technology Limited, Puru Investments & Financial Consultants Private Limited and Speed Trade Securities & Broking Private Limited.

Mr. Ketan Chokshi is Chairman of the Committee of Asian CERC Information Technology Limited.

- 3) Name : Mr. G Chandrashekar  
 Father's Name : Late Mr. S Gopalakrishnan  
 Date of Birth : 9<sup>th</sup> April, 1969

Qualification and Experience:

Mr. G. Chandrashekar is a member of the Institute of Chartered Accountants of India. He completed his article ship from M/s. C. C. Chokshi and Co, an affiliate of Delliote Touche Tohamatsu and began his career in 1992 with Gujarat Pipavav Port Limited in their Finance Department. He has liased with various Banks and Financial Institutions for obtaining Term loans and working capital loan. In February, 1994, he joined Reliance Industries Limited and has had good experience in accounts of manufacturing companies. In February, 1995 he moved on to Scanalyse Business Research Private Limited as an Equity Analyst and gained experience in Industry Analysis and Macro Economic trends. In October, 1995, he joined the Watanmal Group in their Accounts & Finance Department. He was instrumental in establishing retail finance division under the name of WB Finlease and Industries Private Limited, a Non-Banking Finance Company. Lately, he was managing their Equity Portfolio and retail business of Hire purchase finance for over three years in the capacity of Finance Manager. During his tenor with WB Finlease, he has headed various departments like exports, Accounts, Group MIS reporting, Financing and recovery of retail assets etc.

Presently, he is working as DGM – Accounts with Hathway Cable & Datacom Private Limited since 6<sup>th</sup> August, 2001.

He was appointed as a Director on the Board of the Company on 29<sup>th</sup> September 2003.

Mr. G. Chandrashekar is also a Director of many other Companies such as Hathway Media Vision Private Limited, Hathway Nashik Cable Network Private Limited, ITV Interactive Media Private Limited and UTN Cable Communications Private Limited.

Mr. G. Chandrashekar does not hold any membership/chairmanship in Board committees of any other company.



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4. **Name** : **Mr. Shailender Nath Sharma**  
**Father's name** : **Mr. M. N. Sharma**  
**Date of Birth** : **7<sup>th</sup> March, 1961**

**Qualification & Experience:**

Mr. Shailender Nath Sharma, a BE in Electronics & Communication and MBA in Marketing, started his career in the field of marketing with H E Ranchi. He has varied experience in the field of Microprocessor based Process Automation System and has headed key Projects of Data Acquisition & Control Systems for big Thermal Power Plants of Country in companies like ESPL (Electronics Systems Punjab Ltd.) with Westinghouse Technology and Taylor Instruments with ABB Technology. He has also undergone training in Process Automation System (Data Acquisition System) of Thermal Power Plants at Westinghouse, USA. Mr. Sharma occupied senior positions at MCE looking after sales of Cable TV Hardware and handled Operations in Indusind Media & Communications Limited as a Vice President – North. Since past 4 years, he is working with Hathway Cable & Datacom Private Limited and heading its North India Operations as a President – North.

He was appointed as a Director on the Board of the Company on 29<sup>th</sup> November, 2003.

Mr. Shailender Nath Sharma is also a Director in Hathway Channel 5 cable & Datacom Private Limited, Win Cable & Datacom Private Limited and Hathway Sukhamrit Cable & Datacom Private Limited.

Mr. Shailender Nath Sharma does not hold any membership/chairmanship in Board committees of any other company.

5. **Name** : **Mr. Kuldeep Puri**  
**Father's name** : **Mr. Surajswarup Puri**  
**Date of Birth** : **17<sup>th</sup> November, 1959.**

**Qualification & Experience:**

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

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

Mr. Kuldeep Puri does not hold any membership/chairmanship in Board committees of any other company.

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

Dear Members,

Your Directors have pleasure in presenting the Twentieth Annual Report to the Members together with the Audited Statement of Accounts for the financial year ended March 31, 2004.

**FINANCIAL HIGHLIGHTS****(Rs. In Lacs)**

<b>PARTICULARS</b>	<b>2003 - 04</b>	<b>2002 - 03</b>
Operating & Other Income	611.37	478.41
Gross Operating Profit/(Loss) before interest, depreciation, amortisation & taxes	12.77	(39.16)
Interest	0.23	—
Depreciation	75.31	65.13
Provision for Diminution in the value of Investment	(18.79)	18.55
Deferred Taxes	(49.81)	11.88
Net Profit / (Loss)	(93.79)	(110.96)
Loss carried to balance sheet after adjustments	(398.08)	(248.03)

**REVIEW OF OPERATIONS**

During the year under review, the total income of your Company was Rs. 611.37 Lakhs as compared to the last year's income of Rs. 478.41 Lakhs, which results in about 28% increase in the revenue. In Financial Year 2003-04, the Cable TV Industry suffered a major setback because of no clear direction given by Central Government in implementation of Conditional Access System [CAS] and spate of litigation for price freezing. As a result of which your Company could generate only 28% revenue increase during the year under review. •

The revenue from Cable TV business and ISP business increased by about 19% and 62%, respectively over last year's revenues. However, the profitability of your Company has been affected due to increase in the Pay Channel Costs 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 towards cost control and to reduce the administration and other costs and to improve the profitability.

Your Directors are confident of reporting better results in the current year.

**YEAR UNDER REVIEW AND BUSINESS PROSPECTS**

During the year under review, your Company has undertaken various steps to expand its Cable TV business in and around Central Mumbai. Your Company has also undertaken concrete steps to increase the average revenue per subscriber.

The performance of Company covering various aspects of the business operation for the year ended 31st March, 2004 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