

Annexure - 6.

AUDITORS' REPORT**TO THE BOARD OF DIRECTORS OF HT MEDIA LIMITED**

We have audited the attached Balance Sheet of HT Media Limited as at December 31, 2004 and also the Profit and Loss Account and the Cash Flow Statement for the nine months period 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.

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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 these books;
- (iii) The Balance Sheet, Profit and 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 and 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;

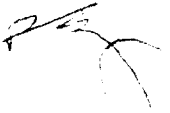
S.R. BATLIBOI & Co.

- (v) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and 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 December 31, 2004,
- (b) In the case of the Profit & Loss Account, of the profit of the Company for the nine months period ended on that date, and
- (c) In the case of Cash Flow Statement, of the cash flows of the Company for the nine months period ended on that date.

The accompanying financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 25, Interim Financial Reporting, issued by the Institute of Chartered Accountants of India, solely for use of the information to be given in the Draft Red Herring Prospectus of the Company in connection with the proposed issue of equity shares to the Public and Financial Institutions in India, and are not to be used, referred or distributed for any other purpose without our prior written consent.


For S.R. Batliboi & Company

Chartered Accountants


per Anil Gupta

Partner

Membership No. 87921

Date:

20/11/2005

Place: New Delhi

Balance Sheet as at December 31, 2004

	Schedule	As at December 31, 2004 (Rs. in lacs)	As at March 31, 2004 (Rs. in lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	6,078.07	4,714.29
Reserves and surplus	2	32,260.00	24,089.97
		38,338.07	28,804.26
Loan Funds			
Secured loans	3	17,515.32	18,754.08
Deferred Tax Liabilities (Net)	4	866.52	-
		56,719.91	47,558.34
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross block		17,960.90	15,918.94
Less : Depreciation		2,594.53	1,260.65
Net block		15,366.37	14,658.29
Capital Work-In-Progress including Capital Advances		19,369.49	13,903.17
Expenditure During Construction Period (Pending Allocation)	6	1,069.45	291.60
		35,805.31	28,853.06
Intangible Assets (net of Amortisation and including Capital Work In Progress, Capital Advances and Expenditure During Development Stage)	7	1,591.41	1,689.17
Investments	8	11,003.78	4,369.39
Deferred Tax Assets (Net)	-	-	104.22
Current Assets, Loans and Advances			
Inventories	9	5,777.74	5,613.09
Sundry debtors	10	9,637.10	10,369.10
Cash and bank balances	11	3,349.54	6,147.98
Loans and advances	12	912.26	1,120.04
		19,676.64	23,250.21
Less: Current Liabilities and Provisions			
Current Liabilities	13	11,046.54	10,716.31
Provisions	14	310.69	229.26
		11,357.23	10,945.57
Net Current Assets		8,319.41	12,304.64
Miscellaneous Expenditure (to the extent not written off)	15	-	-
Profit and Loss Account		-	237.89
		56,719.91	47,558.34
Notes to Accounts	24		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

S.R. Batliboi
For S.R. Batliboi & Company

Chartered Accountants

Anil Gupta
Per Anil Gupta
Partner
Membership No. 87921

Place: New Delhi
Date: 20/4/05

Manish
For and on behalf of the Board of Directors

Ramesh
Magarwal

HT Media Limited**Profit and Loss Account for the period ended December 31, 2004**

	Schedules	For the Period ended December 2004 (Rs. in lacs)	For the Period ended March 2004 (Rs. in lacs)
INCOME			
Turnover	16	46,747.69	41,627.66
Other income	17	597.68	522.17
		47,345.37	42,149.83
EXPENDITURE			
Raw Materials Consumed	18	21,655.61	19,294.75
Personnel Expenses	19	5,870.57	5,705.16
Operating and Other Expenses	20	13,804.36	15,226.97
(Increase)/Decrease in inventories	21	(13.44)	4.87
Depreciation/amortisation		1,547.54	1,515.16
Financial expenses	22	489.38	581.60
		43,354.02	42,328.51
Profit/(Loss) before exceptional items & tax		3,991.35	(178.68)
Exceptional Items			
Separation Scheme Compensation (Refer Note No. 7 of Schedule 24)		1,057.94	162.88
Profit/(Loss) before tax		2,933.41	(341.56)
Provision for Wealth tax		0.68	0.55
Provision for Minimum Alternate Income tax		147.00	-
Adjustment for Deferred Tax		970.74	(104.22)
Total tax expense/(income)		1,118.42	(103.67)
Net Profit/(Loss) for the year		1,814.99	(237.89)
Debit Balance brought forward from previous year		(237.89)	-
Surplus/(Deficit) carried to balance sheet		1,577.10	(237.89)
Earnings Per Share	23		
Before Exceptional item			
Basic [Nominal value of shares Rs.10 (Previous Year Rs.10)]		6.65	(5.60)
Diluted [Nominal value of shares Rs.10 (Previous Year Rs.10)]		6.65	(5.60)
After Exceptional item			
Basic [Nominal value of shares Rs.10 (Previous Year Rs.10)]		4.76	(9.99)
Diluted [Nominal value of shares Rs.10 (Previous Year Rs.10)]		4.76	(9.99)
Notes to Accounts	24		

The schedules referred to above and the notes to accounts form an integral part of the Profit & Loss Account.

As per our report of even date
For S.R.Batlhoi & Company

Chartered Accountants

Per Anil Gupta
Partner
Membership No. 87921

For and on behalf of the Board of Directors

Place: New Delhi
Date: 20/4/05

HT Media Limited

Cash Flow Statement for the year ended December 31, 2004

	December 31, 2004 Rs. in lacs	March 31, 2004 Rs. in lacs
A. Cash flow from operating activities		
Profit/(Loss) before taxation and extraordinary items	2,933.41	(341.56)
Adjustments for:		
Depreciation/amortisation	1,547.54	1,515.16
Miscellaneous Expenditure (net)	(143.92)	(197.56)
Loss on disposal of fixed assets (net)	13.79	1.89
Profit on sale of current investments (net)	(63.60)	(5.39)
Dividend income	(88.99)	-
Interest income	(78.44)	(9.71)
Interest expense	455.36	532.29
Provision for doubtful debts and advances	367.89	455.77
Operating profit before working capital changes	4,943.04	1,950.89
Movements in working capital :		
(Increase)/Decrease in sundry debtors	378.42	(2,663.35)
(Increase) in inventories	(154.23)	(973.67)
Decrease in loans and advances	183.50	200.74
Increase in current liabilities	329.99	1,292.88
Cash generated from/(used in) operations	5,680.72	(192.51)
Direct taxes paid	(122.81)	(4.45)
Cash flow before extraordinary items	5,557.91	(196.96)
Extraordinary item	-	-
Net cash from/(used in) operating activities	5,557.91	(196.96)
B. Cash flows from investing activities		
Purchase of Printing and Publishing undertakings	(500.00)	(300.00)
Purchase of fixed assets	(7,390.09)	(15,675.95)
Proceeds from sale of fixed assets	32.05	28.47
Purchase of investments	(20,161.39)	(8,002.62)
Sale of investments	13,590.59	4,554.30
Dividend received	88.99	-
Interest received	84.51	3.64
Net cash used in investing activities	(14,255.34)	(19,392.16)
C. Cash flows from financing activities		
Proceeds from issuance of share capital	8,100.63	13,500.00
Proceeds from long-term borrowings (net)	6.46	10,050.28
Proceeds from/(repayment of) short-term borrowings	(1,150.62)	2,080.49
Interest paid	(1,057.48)	(865.17)
Net cash from financing activities	5,898.99	24,765.60
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(2,798.44)	5,176.48
Cash and cash equivalents at the beginning of the period	6,147.98	5.00
Add: Acquired from Holding Company	-	966.50
Cash and cash equivalents at the end of the period	3,349.54	6,147.98
Components of cash and cash equivalents as at	31.12.2004	31.03.2004
Cash and cheques on hand	2,783.31	2,447.91
With Scheduled banks - on current accounts	565.38	749.82
- on deposit accounts	0.85	2,950.25
	3,349.54	6,147.98

Notes:

1) The above cash flow statement does not include:

- a) Acquisition of assets and liabilities pertaining to media business from the holding company on July 1, 2003 and October 1, 2004.
b) Issue of equity shares in lieu of business purchase consideration amounting to Rs. 15499.13 lacs.

2) The above Cash Flow Statement has been prepared under the "Indirect Method" as stated in Accounting Standard 3 on Cash Flow Statement.


As per our report of even date






For S.R. Batliboi & Company

Chartered Accountants

per Anil Gupta
Partner
Membership No. 87921
Place :
Date : 20/4/05



For and on behalf of the Board of
Directors

HIT Media Limited**Schedules to the Accounts**

	As at December 31, 2004 (Rs. in lacs)	As at March 31, 2004 (Rs. in lacs)
Schedule 1 : Share Capital		
Authorised		
45,00,00,000 (Previous year 37,50,00,000) equity shares of Rs. 10 each	4,500.00	3,750.00
20,00,000 (Previous year 20,00,000) preference shares of Rs. 100 each	2,000.00	2,000.00
	<u>6,500.00</u>	<u>5,750.00</u>
Issued, Subscribed and Paid up		
4,07,80,659 (Previous year 3,71,42,856) equity shares of Rs. 10 each fully paid		
20,00,000 (Previous year 10,00,000) -1% non-cumulative redeemable preference shares of Rs. 100 each fully paid (redeemable at par on the expiry of 6 years from the date of allotment i.e. 9th March, 2004 and 4th August, 2004)	4,078.07	3,714.29
	<u>2,000.00</u>	<u>1,000.00</u>
	<u>6,078.07</u>	<u>4,714.29</u>
Of the above :		
i) 3,21,97,052 (Previous year 3,14,28,570) equity shares and 20,00,000 (Previous year 10,00,000) preference shares are held by The Hindustan Times Limited, the Holding Company.		
ii) 2,99,49,999 (Previous year 2,99,49,999) equity shares were allotted as fully paid-up for consideration other than cash		

Schedule 2 : Reserves and Surplus		
Share Premium Account		
As per last Balance Sheet	24,089.97	24,289.84
Add: Received during the period	6,736.85	-
Less: Preliminary expenses written off	-	2.32
Less: Share issue expenses written off	143.92	197.55
	<u>30,682.90</u>	<u>24,089.97</u>
Profit and Loss Account Balance	1,577.10	-
	<u>32,260.00</u>	<u>24,089.97</u>

Report



www.reportjunction.com

IIT Media Limited

Schedules to the Accounts

	As at December 31, 2004 (Rs. in lacs)	As at March 31, 2004 (Rs. in lacs)
Schedule 3 : Secured Loans		
Rupee and Foreign currency Term Loans from Corporation Bank	3,443.38	3,436.92
Secured by way of hypothecation of moveable assets (except printing machines) at Patna, Lucknow, Ranchi, Bhopal, Mohali, Kolkata, Gurgaon, Jaipur, Varanasi, Muzaffarpur, Bhagalpur, Dhanbad and Jamshedpur and printing machines at Patna, Lucknow, Ranchi, Mohali and Gurgaon. It is further to be secured by way of equitable mortgage by deposit of title deeds of immovable property belonging to the Company situated at Lucknow and Mohali. (Repayable within a year Rs.344.34 lacs, previous year Rs.Nil).		
Rupee Term Loan from Punjab National Bank	7,500.00	-
Secured by way of hypothecation of entire block of assets (other than those specifically hypothecated to Corporation Bank) which are lying at all work place/office of the Company, consisting of plant & machinery, computers, furnitures, fixtures fittings & furnishers, vehicles, (present & future) which now or hereafter from time to time during the continuance of this security, belonging to the Company wherever situated including in-transit. It is further secured by way of equitable mortgage by deposit of title deeds of immovable property belonging to the Company situated at Noida and Greater Noida. All the charges are ranking pari-pasu with the existing and proposed lenders. (Repayable within a year Rs.Nil).		
Rupee Term Loan from State Bank of Patiala	3,175.56	-
Secured by way of pari-pasu first charge on fixed assets, present or future, at Noida, Greater Noida and Mumbai with the existing and proposed lenders. (Repayable within a year Rs Nil).		
Rupee Term Loan from The Jammu & Kashmir Bank Limited	2,500.00	-
Secured by first pari-pasu charge over the whole of the moveable properties (other than those specifically hypothecated to Corporation Bank) of the company including its movable plant & machinery, machinery spares, tools and accessories and other movables, both present and future. All the charges are ranking pari-pasu with the existing and proposed lenders. (Repayable within a year Rs.Nil)		
Rupee Term Loan from Central Bank of India-I	-	4,500.00
Secured by way of hypothecation of all the moveable property (other than those specifically charged in favour of Corporation Bank) comprising inter-alia machinery, equipment, plant and spare parts which now or hereafter from time to time during the continuance of this security, belonging to the Company wherever may be situated including in transit and additionally secured by a Corporate guarantee of the Holding Company. It was to be further collaterally secured by equitable mortgage by deposit of title deeds of property of the Holding Company, situated at 18-20, K.G. Marg, New Delhi ranking pari-pasu with the charges created/to be created in favour of the Holding Company's existing debentureholders and Company's existing and proposed lenders.		
Rupee Term Loan from Central Bank of India-II	-	8,675.56
Secured by way of hypothecation of all the moveable property (other than those specifically charged in favour of Corporation Bank) comprising inter-alia machinery, equipment, plant and spare parts, at Company's locations at Greater Noida and Noida and IT Project (SAP and others) and additionally secured by a Corporate guarantee of the Holding Company. It was to be further collaterally secured by equitable mortgage by deposit of title deeds of property of the Holding Company situated at 18-20, K.G. Marg, New Delhi ranking pari-pasu with the charges created/to be created in favour of the Holding Company's existing debentureholders and Company's existing and proposed lenders.		
Cash Credit Facility from a Bank	896.38	2,046.99
Secured by way of hypothecation of goods stored in godowns including any such goods in course of transit or delivery and book debts including present and future debts, outstanding money, receivables and claims of the Company.		
Interest accrued and due	-	94.61
	17,515.32	18,754.08



IIT Media Limited**Schedules to the Accounts**

	As at December 31, 2004 (Rs. in lacs)	As at March 31, 2004 (Rs. in lacs)
Schedule 4 : Deferred Tax Liabilities/Assets (net) :		
Deferred Tax Liabilities		
Differences in depreciation in block of fixed assets as per tax books and financial books	1,480.25	1,089.91
Gross Deferred Tax Liabilities	1,480.25	1,089.91
Deferred Tax Assets		
Carry forward of unabsorbed depreciation	281.22	995.05
Effect of expenditure debited to profit and loss account in the current year but allowable for tax purposes in following years	59.97	35.57
Provision for doubtful debts	272.54	163.51
Gross Deferred Tax Assets	613.73	1,194.13
Net Deferred Tax (Liability)/Asset	(866.52)	104.22

Note: Based on the future profitability projections, the Company is confident that there would be sufficient taxable income in future which will enable it to utilise the unabsorbed carry forward depreciation.

