



## HT MEDIA LIMITED

FOURTH ANNUAL REPORT 2005-06

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### Board of Directors

**Dr. K K Birla**

*Chairman*

**Smt. Shobhana Bhartia**

*Vice Chairperson & Editorial Director*

**Mr. Y C Deveshwar**

*Director*

**Mr. K N Memani**

*Director*

**Mr. Roger Greville**

*Director*

**Mr. Ajay Relan**

*Director*

**Mr. N K Singh**

*Director*

**Mr. Priyavrat Bhartia**

*Whole-time Director*

**Mr. Shamit Bhartia**

*Whole-time Director*

### Chief Executive Officer

**Mr. Rajiv Verma**

### Registered Office

Hindustan Times House

18-20, Kasturba Gandhi Marg, New Delhi -110 001

Tel. : +91 11 6656 1234 Fax : +91 11 2370 4600

Website : <http://www.hindustantimes.com>

## About HT Media

HT Media is India's second largest print media company in terms of circulation of daily newspapers. Our flagship brand "Hindustan Times" is one of India's most well recognized media brands. "Hindustan Times" was started in 1924 and it has over 80-year history as one of India's leading newspapers. We have also established a formidable position in the Hindi newspaper market. Our Hindi newspaper "Hindustan" was launched in 1936.

"Hindustan Times" is the No.1 newspaper in Delhi and several other northern cities. We recently entered the Mumbai market, where we have been able to create a strong foothold in a short span of time and continue to grow. Our Hindi newspaper "Hindustan" is the market leader in the states of Bihar and Jharkhand, with an increasing circulation and readership base in other key markets including Delhi and Uttar Pradesh.

Our news portal 'hindustantimes.com', with over 4 million unique visitors and 90 million page views per month, is one of the largest news portals in the country. It has consistently been ranked amongst the top 10 news sites in the world (by Forbes) and offers in-depth coverage and analysis to its users. We, through our subsidiary, HT Music and Entertainment Company Limited, are planning to make a foray into the emerging radio space in the country, having already entered into a Consultancy Agreement with Virgin Asia for the same.

We intend to consolidate our operations as the country's leading media organization through strategic partnerships, ever-increasing scope of operations and a consumer focused approach.

## Message from the Chairman and Vice Chairperson

Dear Shareholders,

We take immense pleasure in presenting to you our report for the financial year 2005-06, and discussing with you the business environment and our strategy for continued growth.

### A year of milestones

The year under review has been one of multiple milestones for us. We became a listed company in August 2005, with our equity shares making a debut on the country's leading stock exchanges. We initiated operations in the lucrative Mumbai market which is also the country's largest media market, attained leadership position in markets such as Chandigarh, and continued to maintain our status as the No.1 player in Delhi (Hindustan Times), Bihar and Jharkhand (Hindustan).

### Expanded national footprint

Operationally, the most significant development during the year, of course, has been our successful entry into the Mumbai market. We entered and gained a noticeable foothold in Mumbai swiftly and economically, changing the competitive landscape there. That in turn has resulted in abatement of competitive pressure in Delhi while creating a more attractive offering for our advertisers. The financial impact of this initiative is already visible, with the incremental ad revenues and customer response being very encouraging, in fact exceeding our expectations.

In Mumbai, having achieved a substantial circulation already, we are confident of growing this further during the next year. More importantly, since our circulation growth in new markets is largely driven through subscriptions, we have been able to attract very high quality readers. These readers are the primary segment that advertisers seek to reach out to, and that in turn is enabling us to achieve better advertising revenues. We believe we are well-positioned to succeed, given our existing capabilities, brand recognition and strong relationships with advertisers.

In Delhi, we continue to be the market leaders and our strategy is to continuously make improvements in both the quality and content of our products to ensure that we retain our status as the No.1 player.

### Strongly positioned in sector

HT Media is the only player to have a very strong market position in both the English and Hindi segments. Our Hindi newspaper "Hindustan" is the third largest read Hindi daily in the country, with over 10 million readers. During the year under review, we continued to consolidate our position in the Hindi market and maintained our position as the No.1 player in Bihar and Jharkhand. One of key reasons behind our success in the Hindi market, is our in-depth understanding of that market – from both the readers' and advertisers' perspective.

### Financial results uphold growth strategy

Our robust business fundamentals and ability to implement our growth strategies and achieve success in new, high potential markets are reflected in our financial results for FY2006. Our revenues increased 31.68% in the year to Rs. 838.74 crore, with advertising revenues registering a 31.80% gain, driven by our presence in both Delhi and Mumbai. Our efficient operations and prudent utilization of resources enabled us to expand our EBITDA margins to 16.23% from 13.16% in the previous year, with profits before taxes increasing 39.60% to Rs. 61.17 crore.

## Print media sector: Encouraging outlook

The outlook for the print media sector remains encouraging, with print ad spend growing faster than electronic. Contrary to global trends, both readership and circulation of newspapers is growing in India, with English language newspapers attracting maximum advertisement share followed by Hindi language newspapers. HT Media is present in both language segments that allow the Company to offer very lucrative opportunities to advertisers. The raw material scenario, especially with regard to newsprint prices, continues to be challenging but the impact is generic to all players within the sector and we are still better placed with our large scale of operations and volume purchases. Newsprint price – which traditionally has been cyclical, has continued to be way ahead of average levels in the last few quarters and a correction in newsprint trends, is likely to benefit us substantially.

## HT Media in a growth mode

Our past investments are already paying off, as our FY2006 results indicate. We plan to further strengthen our product portfolio by entering into the high opportunity business daily segment, and are in the process of crystallizing our plans for entry into this market that offers great growth potential. During the year, we also successfully bid for FM radio licenses in Delhi, Mumbai, Bangalore and Kolkata through our subsidiary HT Music and Entertainment Company Limited. We expect these new initiatives to complement our existing basket of offerings.

We remain steadfast and on course in implementing our strategic plans which, combined with the results they have already yielded, encourages us to remain confident of our performance outlook going forward.

## A word of thanks

Before concluding, we would like to place on record, on the Board's behalf, our appreciation for the support of our customers, our shareholders and our people who have reposed confidence in the Company. We believe the Company is well placed – financially, operationally and managerially – to seize new opportunities and deliver better returns.

Thank you.

**K K Birla**  
*Chairman*

**Shobhana Bhartia**  
*Vice Chairperson & Editorial Director*

New Delhi  
9th May, 2006

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 4th Annual Report of your Company, together with the Audited Statement of Accounts for the financial year ended 31st March, 2006.

## FINANCIAL RESULTS AND APPROPRIATIONS

The highlights of performance of your Company during the financial year ended on 31st March, 2006 are summarized below:

	(Rs. in lacs)	
Particulars	2005-06	2004-05
Total Income	83874.43	63694.85
Profit before Interest, Depreciation, Tax & Exceptional Items	13613.26	8381.14
Less: Interest	1353.96	668.70
Profit before Depreciation, Tax & Exceptional Items	12259.30	7712.44
Less: Depreciation	3853.64	2266.30
Profit before Tax & Exceptional Items	8405.66	5446.14
Less: Exceptional Items	2288.88	1064.47
Profit before Tax	6116.78	4381.67
Less: Provision for Taxes	648.47	223.90
Deferred Tax (charge)	(1741.28)	(1424.32)
Profit after Tax	3727.03	2733.45
Balance from previous years brought forward	2036.70	(237.90)
Amount available for appropriation	5763.73	2495.55
Appropriations:		
Transfer to General Reserve	150.00	Nil
Proposed Dividend on:		
- Preference Shares	20.00	16.58
- Equity Shares	562.15	385.83
Tax on Dividend	81.65	56.44
Balance carried forward to Balance Sheet	4949.93	2036.70

## INITIAL PUBLIC OFFERING

During the year under review, your Company entered the capital market with an Initial Public Offering (IPO) (through book building route) of a fresh issue of 46,40,000 Equity Shares of Rs. 10/- each and an Offer for Sale of 23,55,000 Equity Shares of Rs. 10/- each by HPC (Mauritius) Limited, for cash at a price of Rs. 530/- per Equity Share, aggregating to Rs. 37073.50 lacs. The IPO also comprised a Green Shoe Option of 6,96,000 Equity Shares of Rs. 10/- each, out of which 4,51,941 fresh Equity Shares of Rs. 10/- each were issued. Post IPO, the paid-up Equity Share Capital of your Company rose to Rs. 4684.58 lacs.

The issue received an overwhelming response from the investors. Your Directors express their gratitude to the investors for the trust and confidence reposed by them in the Company and its management.

The objective of the issue was to partially meet your Company's requirement of funds for various expansion and diversification programmes. Out of the aggregate amount of Rs. 26987.29 lacs raised by your Company from the issue, a sum of Rs. 19058.01 lacs was utilized during the year, for part financing the expenditure on projects and other activities mentioned in the Prospectus and the balance amount has been kept in the form of deposits.

## **DIVIDEND**

### **Preference Share Capital**

The Board recommends a dividend of Re. 1/- per share on 20,00,000 1% Non-cumulative Redeemable Preference Shares of Rs. 100/- each, for the financial year ended on 31st March, 2006.

### **Equity Share Capital**

Given the good results posted by your Company, your Directors are pleased to recommend a dividend of Rs. 1.20 per Equity Share of Rs. 10/- each, for the financial year ended on 31st March, 2006 (previous year Re. 1/- per Equity Share). The proposed dividend payment would entail an outflow of Rs. 640.99 lacs including dividend tax.

## **COMPANY PERFORMANCE AND FUTURE OUTLOOK**

A detailed analysis and insight into the financial performance, operations and outlook of your Company for the year under review, is appearing in the Management Discussion and Analysis, which is annexed to this Report as Annexure 'A'.

## **DEBT SERVICING**

During the year under review, your Company has met all its obligations towards repayment of principal and interest on the loans availed.

## **EMPLOYEE STOCK OPTION SCHEME**

During the year under review, the 'HTML Employee Stock Option Scheme' ('Scheme') for the Whole-time Directors and other eligible employees of your Company was approved at the Extra-ordinary General Meeting of the members held on 21st October, 2005.

In terms of the Scheme, during the year 1,77,952 Options were granted to the eligible employees of your Company, details whereof are set out in Annexure 'B' annexed to this Report.

## **PUBLIC DEPOSITS**

Your Company has not accepted any fixed deposits during the year.

## **SUBSIDIARY COMPANIES**

Your Company has two subsidiary companies namely, Searchlight Publishing House Limited and HT Music and Entertainment Company Limited.

The Company is approaching the Government of India for exemption under Section 212(8) of the Companies Act, 1956 from attaching with its Annual Report, the copies of the Balance Sheet, Profit and Loss Account, Board of Directors' Report and the Auditors' Report of its subsidiary companies. However, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountant of India, Consolidated



Financial Statements presented by the Company includes the financial information of Searchlight Publishing House Limited and HT Music and Entertainment Company Limited. The Company will also make available the Annual Accounts of its subsidiaries alongwith relative detailed information and facilitate inspection upon request by investors of the Company and its subsidiaries.

## **DIRECTORS**

During the year, HPC (Mauritius) Limited nominated Mr. Roger Greville on the Board of Directors of your Company w.e.f. 28th October, 2005, in place of Shri Sanjiv Kapur.

The Board of Directors of your Company had appointed Shri Priyavrat Bhartia as Director of the Company, to fill the casual vacancy arisen due to the resignation of Shri. S. M. Agarwal. Subsequently, Shri Priyavrat Bhartia was appointed a Whole-time Director of the Company w.e.f. 1st February, 2006.

The Board of Directors place on record their deep appreciation for the valuable guidance and significant contribution made by Shri Sanjiv Kapur and Shri S.M. Agarwal during their tenure as Directors of the Company.

During the year under review, the terms of appointment of Smt. Shobhana Bhartia, Vice Chairperson and Editorial Director was changed from 'retiring Director' to 'non-retiring Director'.

Dr. K. K. Birla who was appointed as a Director in casual vacancy, retires at the ensuing Annual General Meeting and is eligible for appointment. Two non-executive Directors of the Company viz. Shri Y. C. Deveshwar and Shri K. N. Memani are liable to retire by rotation at the ensuing Annual General Meeting, and being eligible, have offered themselves for re-appointment. A brief resume, expertise and details of other directorships and committee memberships of these Directors form part of the Report on Corporate Governance.

## **AUDITORS**

The notes to the accounts appearing in Schedule 23 referred to in the Auditors' Report are self-explanatory, and therefore do not call for any further comments under Section 217(3) of the Companies Act, 1956.

The Statutory Auditors of your Company, M/s. S.R. Batliboi & Co., Chartered Accountants, New Delhi, retire at the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment. In terms of the requirements under Section 224 (1B) of the Companies Act, 1956, the retiring Auditors have given a certificate regarding their eligibility for re-appointment as Auditors of the Company.

## **CORPORATE GOVERNANCE**

Your Company is compliant with all the mandatory requirements of Clause 49 of the Listing Agreement of Stock Exchanges relating to 'Corporate Governance'.

The Report on Corporate Governance and the certificate issued by a Company Secretary in Practice in terms of the requirements of the listing agreement are annexed to this report as Annexure 'C' and 'D' respectively.

## **PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956**

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo is annexed to this Report as Annexure 'E'.

The particulars of employees required under Section 217 (2A) of the Companies Act, 1956 and the rules thereunder, are annexed to this Report as Annexure 'F'. However, pursuant to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report and Accounts are being sent to all the shareholders of the Company without the above information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors report that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. the Directors have 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 at the end of the financial year ended on 31st March, 2006 and of the profit of the Company for the year ended 31st March, 2006;
- iii. the Directors have taken proper and sufficient care 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;
- iv. the Directors have prepared the annual accounts on a going concern basis.

## **ACKNOWLEDGEMENT**

Your Directors place on record their sincere appreciation for the assistance and co-operation provided by Banks, Government authorities, Customers, Suppliers and Members.

Your Directors also place on record their deep appreciation of the committed services of the executives, staff and workers of your Company.

For and on behalf of the Board

**K. K. BIRLA**  
*Chairman*

Place: New Delhi

Date: 9th May, 2006