



HINDUSTAN MEDIA VENTURES LIMITED

ANNUAL REPORT 2009-10

HINDUSTAN MEDIA VENTURES LIMITED

BOARD OF DIRECTORS

MRS. SHOBHANA BHARTIA, *Chairperson*

MR. AJAY RELAN

MR. ASHWANI WINDLASS

MR. SHARDUL S. SHROFF

MR. RAJIV VERMA

MR. BENYOY ROYCHOWDHURY, *Whole-time Director*

COMPANY SECRETARY

MR. TRIDIB BARAT

AUDITORS

S.R. BATLIBOI & Co., Chartered Accountants

GURGAON

REGISTRAR & SHARE TRANSFER AGENT

KARVY COMPUTERSHARE PRIVATE LIMITED

PLOT NO. 17 - 24, VITHALRAO NAGAR, MADHAPUR

HYDERABAD - 500 086

Tel: +91 40 2342 0815 - 20

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E-mail: einward.ris@karvy.com

REGISTERED OFFICE

BUDH MARG, PATNA - 800 001

Tel: +91 612 222 3434

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CORPORATE OFFICE

HINDUSTAN TIMES HOUSE, 2ND FLOOR

18-20, KASTURBA GANDHI MARG

NEW DELHI - 110 001

Tel: +91 11 2370 4600

Fax: +91 11 6656 1445

Website: www.hmvf.in

HINDUSTAN MEDIA VENTURES LIMITED

DIRECTORS' REPORT

To
The Shareholders,

Your Directors are pleased to present their Report, together with the Audited Statement of Accounts for the financial year ended on 31st March 2010.

FINANCIAL RESULTS

Your Company's performance during the financial year ended on 31st March 2010, is summarized below:

	2009-10 (Rs.)	2008-09 (Rs.)
Total Income	1,66,96,39,612	17,78,14,052
Profit before Depreciation/Amortization, Interest, Exceptional Items and Tax (EBITDA)	29,29,66,079	55,41,334
Less: Depreciation	2,50,85,051	39,31,501
Profit before Exceptional Items and Tax	23,04,43,043	15,30,859
Less: Exceptional Items	Nil	Nil
Profit before Tax	23,04,43,043	15,30,859
Less: Provision for Taxation	4,55,10,069	6,50,945
Add: Deferred Tax Assets/(Liabilities)	(3,09,15,479)	(97,421)
Profit after Tax but before prior period item	15,40,17,495	7,82,493
Less: Prior period Item - Gratuity Expenses	65,47,618	-
Net profit for the year	14,74,69,877	7,82,493
Add: Profit brought forward from previous year	65,87,479	58,04,986
Balance carried to Balance Sheet	15,40,57,356	65,87,479

ACQUISITION OF HINDI BUSINESS

During the year under review, your Company acquired the Hindi business undertaking of the holding company viz., HT Media Limited (HTML), w.e.f. 1st December, 2009, on a going concern basis by way of a slump sale. The Hindi business undertaking acquired by the Company comprises of 'Hindustan' including 'Ravivasriya Hindustan', Hindi daily newspaper; 'Nandan' & 'Kadambini', Hindi magazines; and internet portals of respective publications, including all assets, liabilities and employees, as the case may be pertaining to Hindi business situated in premises located in the states of Bihar, Punjab, Haryana, Jharkhand, Delhi, Rajasthan, Uttar Pradesh & Uttaranchal.

Accordingly, the financial results of your Company for the financial year ended on 31st March, 2010 includes results of operations of the Hindi business undertaking acquired by the Company for the four-months period ended on 31st March, 2010.

PROPOSED INITIAL PUBLIC OFFERING (IPO)

As the members are aware, at the Extraordinary General Meeting held on 28th February, 2010, a Special Resolution was passed to give effect to an offer, issue and allotment of equity shares of the Company of face value of Rs.10/- each at par or at premium, up to an aggregate amount of Rs. 350 Crore, in one or more tranches, subject to market conditions, in an IPO, through a book building process in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Accordingly, a Draft Red Herring Prospectus was filed with the Securities and Exchange Board of India on 5th March, 2010.

HINDUSTAN MEDIA VENTURES LIMITED

DIVIDEND

Your Directors do not consider it appropriate to recommend any dividend on Equity Shares for the financial year ended on 31st March, 2010.

INCREASE AND RE-CLASSIFICATION OF AUTHORIZED SHARE CAPITAL

During the year under review, the Authorized Share Capital of your Company was increased/ re-classified, as per details given below -

- (1) with effect from 29th September, 2009, the Authorized Share Capital was re-classified to 1,50,00,000 (One Crore Fifty Lac) Equity Shares of Rs.10/- each and 20,00,000 (Twenty Lac) Equity Shares of Rs.10/- each with Differential Rights as to voting and/or dividend (Class-B Shares).
- (2) with effect from 5th January, 2010, the Authorized Share Capital was increased to Rs.77 Crore divided into 7,50,00,000 (Seven Crore Fifty Lac) Equity Shares of Rs.10/- each and 20,00,000 (Twenty Lac) Equity Shares of Rs. 10/- each with Differential Rights as to voting and/or dividend.
- (3) with effect from 11th February, 2010, the Authorized Share Capital was increased to Rs.87 Crore divided into 8,50,00,000 (Eight Crore Fifty Lac) Equity Shares of Rs.10/- each and 20,00,000 (Twenty Lac) Equity Shares of Rs.10/- each with Differential Rights as to voting and/or dividend.
- (4) with effect from 28th February, 2010, the Authorized Share Capital was re-classified to Rs.87 Crore divided into 8,70,00,000 (Eight Crore Seventy Lac) Equity Shares of Rs.10/- each only.

ISSUE OF FRESH CAPITAL

During the year under review, the paid-up share capital of your Company was increased, as per following details -

- (1) On 14th January, 2010, 6,96,508 and 37,338 Equity Shares of Rs.10/- each were issued and allotted on a preferential basis, to HT Media Limited and Smt. Namrata Bhartia (as trustee of HT Group Companies - Employee Stock Option Trust) respectively, at a consideration of Rs.650/- per share (inclusive of a premium of Rs.640/- per share).
- (2) On 21st February, 2010, 4,94,08,614 Equity Shares of Rs.10/- each were issued and allotted to the existing shareholders as fully paid Bonus Shares, in the ratio of 6.4 Equity Shares of Rs.10/- each for every 1 Equity Share of Rs.10/- held on the Record Date i.e., 20th February, 2010.

BORROWINGS AND DEBT SERVICING

During the year under review, your Company tied up for a working capital facility of Rs.60 Crore and a Term Loan of Rs.135 Crore.

Your Company has met all its obligations towards repayment of principal and interest on the loan(s) availed.

DEPOSITS

The Company has not accepted any Public Deposits during the year.

DIRECTORS

During the year under review, Smt. Shobhana Bhartia, Shri Priyavrat Bhartia, Shri Rajiv Verma, Shri Benoy Roychowdhury, were appointed as Additional Directors on the Board of Directors w.e.f. 6th January, 2010. Subsequently, Shri Ajay Relan, Shri Ashwani Windlass and Shri Shardul S. Shroff were also appointed as Additional Directors (Independent) on the Board of Directors w.e.f. 22nd February, 2010.

Further, Shri Benoy Roychowdhury was appointed as a Whole-time Director of the Company w.e.f. 23rd February, 2010 which was approved by the shareholders at the Extra-Ordinary General Meeting held on 28th February, 2010.

HINDUSTAN MEDIA VENTURES LIMITED

During the year under review, Shri V.K. Charoria, Shri R.K. Agrawal, Shri S.M. Agarwal and Shri Priyavrat Bhatta tendered their resignation(s) from the Board. The Board places on record its sincere appreciation for the valuable services rendered by Shri V.K. Charoria, Shri R.K. Agrawal, Shri S.M. Agarwal and Shri Priyavrat Bhatta during their tenure as Directors.

In accordance with the provisions of Section 260 of the Companies Act, 1956, the Additional Directors viz. Smt. Shobhana Bhatta, Shri Rajiv Verma, Shri Benoy Roychowdhury, Shri Ajay Relan, Shri Ashwani Windlass and Shri Shardul S. Shroff, hold office till the conclusion of the ensuing Annual General Meeting. The Company has received notice alongwith requisite deposit under Section 257 of the Companies Act, 1956, proposing the candidature of Smt. Shobhana Bhatta, Shri Rajiv Verma, Shri Benoy Roychowdhury, Shri Ajay Relan, Shri Ashwani Windlass and Shri Shardul S. Shroff, for their appointment as Directors liable to retire by rotation.

AUDITORS

The notes to accounts appearing in Schedule 22 of the Annual Financial Statements read with 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 and Co., Chartered Accountants, are due to retire at the ensuing 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.

STATUTORY INFORMATION

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo form part of this report as Annexure - A.

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-B.

DIRECTOR'S RESPONSIBILITY STATEMENT

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

- i. in the preparation of the annual accounts for the financial year ended on 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. such accounting policies have been selected and applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010; and of the profit of the Company for the year ended on 31st March, 2010;
- iii. 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; and
- iv. the Annual Accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENT

Your Directors place on record their sincere appreciation for the co-operation extended by all stakeholders including Ministry of Information & Broadcasting, Banks, Customers, Suppliers, Employees and Shareholders of the Company.

For and on behalf of the Board

Place: New Delhi
Date: 26th April, 2010

Shobhana Bhatta
Chairperson

HINDUSTAN MEDIA VENTURES LIMITED

Annexure - A to Directors' Report

Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo, as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY:-

(a) Energy conservation measures taken:

The following energy conservation measures were taken during the year under review—

- Installation of capacitor banks & filters for improvement of power factor.
- Automation of DG sets to work on load sharing to reduce diesel consumption.
- Building streetlights are in automation for effective utilization of energy.
- Installation of high efficiency lighting fixtures.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

- Installation of additional capacitor banks and filters to maintain the power factor on additional load.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

- The measures were implemented as stretch targets and achieved excellent results.

(d) Total energy consumption and energy consumption per unit of production:

Not applicable

B. TECHNOLOGY ABSORPTION:-

(e) Efforts made in technology absorption:

Not applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:-

(f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans:

Not applicable

(g) Total foreign exchange used and earned:

Foreign exchange used	-	Rs. 17.29 Lac
Foreign exchange earned	-	Rs. 0.03 Lac

HINDUSTAN MEDIA VENTURES LIMITED

AUDITORS' REPORT

To
The Members of Hindustan Media Ventures Limited

1. We have audited the attached Balance Sheet of Hindustan Media Ventures Limited ('the Company') as at March 31, 2010 and also the Profit and Loss account and the Cash Flow Statement for the year 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.
2. 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.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, 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 those 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.
 - v. on the basis of the written representations received from the Directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. 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 March 31, 2010;
 - b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Manoj Gupta
Partner
Membership No. 83906
Place: Gurgaon
Date: April 26, 2010

HINDUSTAN MEDIA VENTURES LIMITED

Annexure referred to in paragraph 3 of our report of even date

Re: Hindustan Media Ventures Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All the fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) (herein referred to as the Order), are not applicable to the Company.

(b) As informed, the Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (f) and (g) of the Order, are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the Register maintained under section 301 of the Companies Act, 1956, therefore paragraph 4 (v) (b) of the Order is not applicable to the company.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases*. The provisions relating to excise duty are not applicable to the Company.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

HINDUSTAN MEDIA VENTURES LIMITED

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order, are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order, are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Manoj Gupta
Partner
Membership No. 83906

Place: Gurgaon
Date: April 26, 2010

HINDUSTAN MEDIA VENTURES LIMITED

BALANCE SHEET AS AT MARCH 31, 2010

(Rs. in lacs)

	Schedule	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	5,712.87	698.63
Reserves and Surplus	2	1,824.96	356.60
		7,537.83	1,055.23
Loan Funds			
Secured loans	3	13,500.00	-
Deferred Tax Liabilities (Net)	4	277.58	2.14
Total		21,315.41	1,057.37
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	5	14,840.13	1,294.20
Less : Accumulated Depreciation/Amortisation		748.33	534.69
Net block		14,091.80	759.51
Capital Work-In-Progress including Capital Advances and expenditure during construction period		1,493.22	-
		15,585.02	759.51
Investments			
	6	3,124.65	-
Current Assets, Loans and Advances			
Inventories	7	1,643.73	103.50
Sundry Debtors	8	7,145.38	241.32
Cash and Bank balances	9	2,713.10	64.14
Other Current Assets	10	1.72	0.77
Loans and advances	11	2,591.65	131.24
		14,095.58	540.97
Less: Current Liabilities and Provisions			
Current Liabilities	12	11,460.08	192.89
Provisions	13	248.73	50.22
		11,708.81	243.11
Net Current Assets		2,386.77	297.86
Miscellaneous Expenditure (to the extent not written off or adjusted)	14	218.97	-
Total		21,315.41	1,057.37
Notes to Accounts	22		

The Schedules referred to above and Notes to Accounts form an integral part of the Balance Sheet.

As per our report of even date attached

For and on behalf of the Board of Directors of
Hindustan Media Ventures Limited

For S.R.Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

Shobhana Bhartia
Chairperson

per Manoj Gupta
Partner

Tridib Kumar Barat
Company Secretary

Anup Sharma
Chief Financial Officer

Benoy Roychowdhury
Whole-time Director

Membership No. 83906

Place: Gurgaon
Date: April 26, 2010